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Summer 2009

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CONTENTS

Jessica Tams | **Letter from the Director** 7

COMMUNITY & SOCIAL GAMES

Steve Meretzky | **Mini-Games, Maxi-Results** 8
Using Mini-Games to Liven Up a Social RPG

Mark Gerhard | **Redefining the Online Gamer** 12
"Enthusiast Gamers" Open Up a New World of Possibilities for Casual Games Companies

DEVELOPMENT, DESIGN & PRODUCTION

David Fox and Nathan Fahrenthold | **Building Is Just the Beginning** 14
Hotel iWin Postmortem

Jeremy Barwick | **The Ten Dos and Don'ts of Game Submissions** 18
A Common Sense Approach

Kirill Plotnikov | **Finding Your Place in the Sun without Getting Burned** 20
The Advantages of Partnering with a Publisher

Greg Rahn | **Do You See What I See Hear?** 25
Greater Accessibility Leads to Greater Fun

Teresa Carrigan | **Calm Down, Would You?** 26
Appealing to a Wider Audience Through the Relaxed Mode Option

Carolyn Carnes | **Lessons from the Hardcore** 28
Marketing Casual Console Games

Linny Cendana | **The "New" Casual Female Market** 32
Understanding the Psychology of the New Female Demographic

BRANDS & ADVERTISING

Lloyd Melnick | **Making a Media Relationship Really Work** 34
The Case for Co-Production

Dave Madden | **"Brought to You by Our Sponsor"** 38
Using Advertising as a Payment Option

Josh Fiedler | **Make Games Free—and Still Make Money** 40
How to Avoid the Video Game Dead Pool

HEALTH, LEARNING & WELLNESS GAMES

Jerry Bush | **Cisco Mind Share: A Case Study** 44
Tips on Creating a Successful Learning Game

Melanie M. Lazarus, MPH | **Using Gameplay Science to Change Lives** 48
The Emerging Field of Casual Games for Health

Michael Sorrenti | **Learning by Playing** 52
How Games Are Becoming Essential Teaching Tools

BUSINESS & LEGAL

54 **Wanna Bet?** | Anthony Cabot
Taking the Risk Out of Publishing Prize-based, Online Skill Games in the United States

58 **Avoiding Legal Pitfalls in Casual Games** | Andreas Lober
Top 10 No-Nonsense Tips

60 **Digital Rights Management 101** | Chris Hennebery and Tara Gregg
Recommendations for Selecting a DRM Solution

62 **E-Marketing Best Practices** | Paul Hyman
Two Tips for Improving Your E-mail Marketing

BUSINESS MODELS

64 **Monetizing Users With Alternative Payments** | Alex Rampell
How to Choose the Best Platform for Your Business Goals

66 **Look What's on TV** | Michael Lantz
IPTV Is Bringing Casual Games to the Television

69 **Converting Players to Payers** | Bob Voermans and Rogier de Boer
How to Select the Best Payment Methods for Your Casual Game

70 **Challenging the Audience Stereotype** | Robert Norton
Acknowledging the Broad Appeal of Casual Games

72 **When Traditional Goes Casual** | David Schwartz
Assessing the Pros and Cons

74 **Making International Distribution Pay** | Sanjay Sarathy
Developing a Payment Strategy that Supports Your Business Goals

76 **Millions of Dollars Just Sitting on the Table** | Simon Jones
Why Building a Direct Channel is a No-brainer

78 **The Recession Boosts Online Gaming** | Michael Rosenberg
Gamevance.com Survey Reveals a Migration Away from Console Gaming

ON THE COVER:



Gisela Vergara is the art director at Joju Games. An avid fan of all things Japanese, Gisela mixes East and West graphical influences in her creations and is always looking for a unique art style for the games produced by Joju. Joju produces casual games for Web, PC downloads, consoles, and mobile platforms, and for clients such as RealArcade, PlayFirst, Comedy Central, and ourWorld.

Previous to Joju, Gisela worked in the graphic novel industry, creating artwork for publishers in Europe, the U.S., and South America. Gisela has won awards in competitions organized by Nippon Television and Udon Crew. Her most recent work is available at <http://www.makofufu.com.ar/>.

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Summer 2009

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Letter from the Director

Humor me for a minute and pull out your Summer 2008 edition of *Casual Connect* magazine. Go ahead. I'll wait.

You'll see that in that issue I compared our industry to a cute, young toddler who would someday arrive at that "dorky, confused, eighth-grader" stage of life. Now I don't mean to say that we're all a bunch of dorks, but I will confess that we're growing up faster than I expected just 12 short months ago.

That maturation of our industry is due in no small part to your excellent work. That work is making us hugely popular, poised

now to become a legitimate player in the middle of the entertainment world. The growing popularity of mobile, community, and social gaming has introduced larger, broader audiences to casual games, and those who are taking the time to play our games are discovering what you and I already know: that casual games are really, really fun to play. Lifelong gamers who once played alone or with others in an isolated virtual world are now playing with friends and family using existing networks. Traditional gamers are being drawn into the casual games space with the appeal of shorter, interactive game-play sessions. And perhaps best of all, people who have never cared much for games in the past—even those who have looked down their noses at their friends, the gamers—are connecting with others through gaming experiences, through social networks, and through innovative new console offerings.

Watching the maturation of the casual games space over the past year has made it clear that our industry is truly going mass market, becoming an accepted form of entertainment in our society. Grown-up. Respected even.

Well, maybe not quite yet, but we're getting there—if only we can make it through these awkward middle school years. Which is why it is so important for each and every one of us to continue to strive for excellence in everything we do. The future has arrived sooner than we thought.

Sincerely,

Jessica

Jessica can be reached at jessica@casualconnect.org.

Mini-Games, Maxi-Results

Using Mini-Games to Liven Up a Social RPG

by Steve Meretzky



Steve Meretzky is VP of Game Design at Playdom, a leading social gaming company—and the largest game developer on MySpace. Steve’s contributions to the industry began in 1981 at the legendary adventure game company Infocom, where his titles included Planetfall, The Hitchhiker’s Guide to the Galaxy (a collaboration with Douglas Adams), Leather Goddesses of Phobos, and Zork Zero. Prior to joining Playdom, Steve co-founded Boffo Games and held senior creative posts at Blue Fang Games, Floodgate Entertainment, and WorldWinner.com. Over his prolific career, Steve also consulted with teams at Activision, Blizzard, Disney, EA, Harmonix, Hasbro, and Legend, to name a few. A former board member of IGDA, Steve is co-organizer of the annual Casual Games Summit at the GDC and the annual Game Designers Workshop. Steve holds a BS in construction project management from MIT, but otherwise assures us that he did not waste his four years there. Steve can be reached at steve.meretzky@casualconnect.org.

About 15 years ago, when I had my own development studio called Boffo Games, we created a game called *Hodj ‘n’ Podj*. It was a computer-based board game, and as players moved around the humorous, *Shrek*-like fairy tale kingdom, they would encounter in various locations embedded “games within the game.” These were the type of games that today we would call casual games, but back then, before that term was coined, we called them “mini-games.”

In the mid-1990s, there was only one channel for selling electronic games: Put it in a box and sell it through the retail channel for around \$40. *Hodj ‘n’ Podj* sold between 40,000 and 50,000 units, a disappointing number even in the much smaller games market of the time.

In It for the Long Haul

The lesson I might have taken away from this experience was that embedding casual games into a larger game construct is a bad idea—that casual players aren’t interested in longer-form games and therefore these embedded mini-games won’t find their audience and are a waste of time. But one factor kept me from settling on that conclusion: In the years since the release of *Hodj ‘n’ Podj*, I’ve received more fan mail about that game than any other I’ve written. Even today I get as much fan mail about *Hodj ‘n’ Podj* as about all my other games combined. Clearly, this was a game that strongly resonated with users once it managed to find the right audience.

Having taken this long view of the *Hodj ‘n’ Podj* experience, I think the lesson to be learned is less about the game’s design than it is about the game distribution channel of the mid-’90s. The channel evolved and eventually perfected the art of selling hardcore games to a hardcore audience, but it was horribly inadequate for selling any other type of game or reaching any other demographic.

Fortunately, the range of distribution models for electronic games has multiplied since then. The Internet offered up the possibility of free ad-supported play, followed quickly by the downloadable try-and-buy model. Subscriptions, virtual goods models, and dedicated channels like Steam or the Apple app store widen the possibilities further. And quite recently we’ve seen the appearance of social networks, like MySpace and Facebook, as a popular gaming platform.

Tapping the Popularity of the RPG

One of the most popular types of games on these platforms is casual RPGs—open-ended games that take only a few minutes per day to play but allow users to build their characters and their empires over months of play. For the most part, these games have employed themes and settings aimed squarely at a male demographic—notably crime, horror, and fantasy.

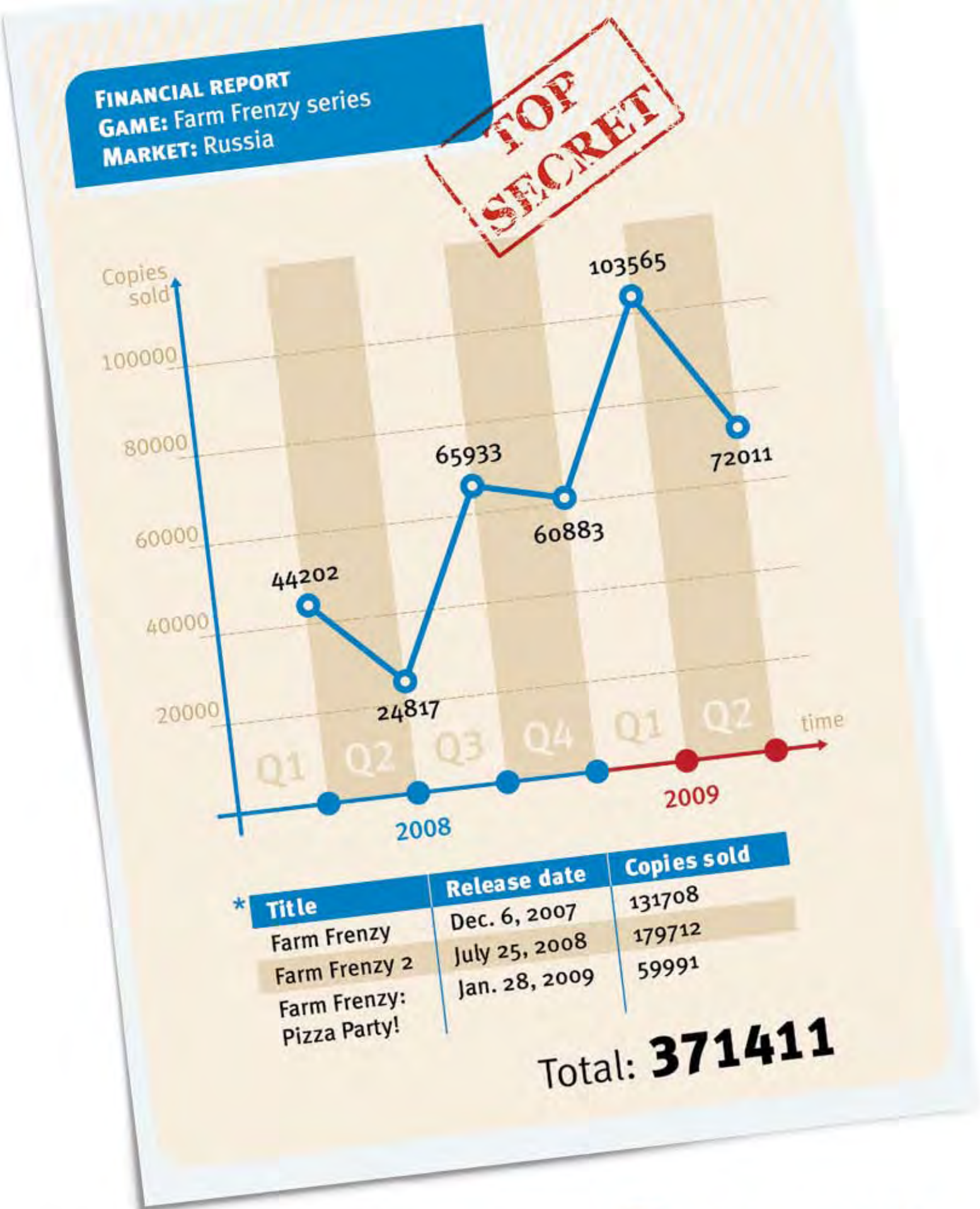
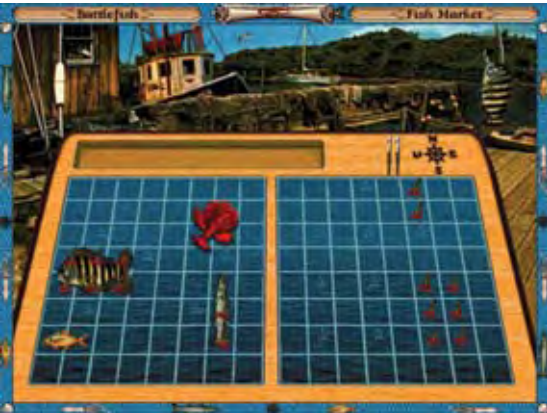
Late last year, my company, Playdom, decided to try an experiment: We launched a casual RPG

Embedding mini-games in a larger game is a valid design, provided that the channel and the demographic are a fit for that style of play.



Right: The world of Hodj ‘n’ Podj. Entering buildings and other locations triggered mini-games.

Far right: Battlefish, one of the 19 mini-games embedded in Hodj ‘n’ Podj.



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Mini-Games, Maxi-Results

Using Mini-Games to Liven Up a Social RPG

aimed at a very different demographic. *Sorority Life* put players into the role of a new pledge at a college sorority. Instead of carrying out missions with goals like bank heists and gun-running, players were organizing parties and fundraisers. Instead of collecting gear like guns and armor, they were collecting glamour items like outfits, jewelry, cell phones, and iPods.

The single biggest difference between *Sorority Life* and other social RPGs was the addition of an avatar. Not only can players dress up their avatar with the various outfits and accessories they collect during gameplay, but other players can see the avatar. They can even vote for the avatar with the best style in a multiplayer game feature called The Catwalk. Dressing up one's avatar and showing it off to the community is almost a mini-game in itself. In other social RPGs, winning or buying items is merely done to meet mission requirements, or to improve one's chances in fights. But *Sorority Life* introduces a new, powerful reason for players to want to expand their inventory of virtual items.

With more than three million monthly active users on MySpace and Facebook, *Sorority Life* has been a great success to date and continues to grow.

As with all social RPGs, the experience of performing a mission on *Sorority Life* is relatively simple. As long as you meet the requirements—for example, you must have three Digital Cameras and three Lifetime Spray Tans before attempting the Study Abroad in Italy mission—then success is a foregone conclusion. So we are always looking for something to make these experiences more fun and compelling, especially something that will appeal to the teen female and adult female demographic playing *Sorority Life*. We wondered: Was the time ripe, 15 years after the experience of *Hodj 'n' Podj*, to try embedding mini-games into the long-form experience of *Sorority Life*?

The Return of the Mini-Game?

Mini-games have certainly appeared within larger games recently, often with great success, but in most cases those are within virtual worlds aimed at a younger audience such as *Club Penguin* or Disney's *Toontown*. So once again, Playdom decided to roll the dice and experiment, this time by embedding mini-games into a game

that was reaching a much older demographic. We started by adding match-three games, hidden object games, and a slot machine to *Sorority Life* missions.

The popularity of these mini-games has far exceeded our expectations. Average time in the game spiked with the release of our first mini-game and has stayed elevated ever since. Based on their feedback, players enjoy the variety of the mini-games and love receiving better glam rewards as they improve in the games.

Playing a match-three game for which a top score gives you a coveted pair of boots, player ShineyRose wrote on the *Sorority Life* forum: "I had over 200 pairs of aviator glasses, 23 rose-colored glasses and 7 pairs of the pink heels. Then I finally got the Black Leather Lace-Up Boots. They are worth it!" Playing a hidden object mini-game in which you must find a set of objects within a certain timeframe to win the top reward, player Nammz wrote: "Grrr, I'm so close to the Marilyn dress. I was off by one second once!" And hundreds of other players have praised the mini-games and asked for more to be added to *Sorority Life*.

I am glad to see my hypothesis finally prove to be true: Embedding mini-games in a larger game is a valid design, provided that the channel and the demographic are a fit for that style of play. ■

Top to bottom:

Sorority Life, a social RPG designed for a female demographic.

The "My Style" screen for changing your avatar's appearance in *Sorority Life*.

A hidden object game in *Sorority Life*, part of the Caribbean Cruise mission.



Redefining the Online Gamer

“Enthusiast Gamers” Open Up a New World of Possibilities for Casual Games Companies

by Mark Gerhard



Mark Gerhard has been CEO of Jagex Ltd. since February 2009. Mr. Gerhard joined Jagex in 2008 from GTECH, where he served as Principle Security Architect for the National Lottery. He has held numerous executive positions and has over 14 years’ experience working in the technology sector. Since taking over as CEO, Gerhard has focused on bringing Jagex’s games back to their roots by engaging the audience and incorporating player feedback. Gerhard looks to drive continued growth and innovation at Jagex through 2009 and beyond. Mark can be reached at mark.gerhard@casualconnect.org.

Given its mobility and versatility, the PC is regaining traction among gamers as a preferred games platform. The PC makes it easy to explore new genres, including massively multiplayer online (MMO) games, casual titles, and virtual worlds. Consequently, online gaming continues to grow in popularity as it attracts a larger and more diverse audience than ever before. Old stereotypes don’t apply now that you can no longer describe the online gamer according to a single demographic or psychographic profile. In fact, the gaming audience today has grown to resemble the population of any modern country—young and old, liberal and conservative, male and female.

As the PC continues to rise in popularity across new demographic groups, game developers and publishers must get a very clear picture of the changing audience they now serve—an audience with needs and expectations that are distinct from those of the gaming audience that they have traditionally served. While many developers struggle to understand how to cater to this varied and unfamiliar group, others have realized the power of accessibility and community in driving widespread popularity.

Casual vs. Enthusiast

When looking at the demographics of the online games market, we find that the audience is much more diverse and complex than that of any other gaming category. While the consoles are mostly limited to 18-to-22-year-old males, online games seem to reach everyone—including people who wouldn’t consider themselves to be “gamers.” Furthermore, we find that many gamers prefer a casual-style game delivered through a core environment (such as playing a puzzle game through Xbox LIVE Arcade) or a core-style game in a casual environment (such as the light MMOs and role-playing games found on FunOrb.com). This group of gamers, falling somewhere on the spectrum between “core” and “casual,” has been dubbed the “enthusiast gamers”—a category which represents the wide range of playing habits and demographics of consumers in various online game environments.

Research validates our belief that the PC is becoming the dominant platform for gaming and for reaching audiences that would not otherwise play games. In the U.S., the average time spent playing games by all PC users is approximately 11 hours per week. Gaming also has been ranked as the number one activity on a PC after email and chat. Numerous reports have confirmed that people of all age groups spend more time playing games than doing any other activity on their PCs, and it has become a top consideration for consumers when purchasing a new PC or laptop. Even more impressive are the statistics around online gaming behavior: Approximately one in four Internet users visits a gaming site, and the average online gamer visits a gaming site nine times per month.

Growth is evident as well. The Yankee Group estimates that by 2012, online games in North America will grow to more than \$3.8 billion. This illustrates the vast opportunity within the online games landscape, and the significance of the emerging enthusiast gamer category. The online games space will no longer be ruled by one specific category, nor can it any longer cater to a small niche audience.

The Role of Social Gaming

Another piece of the puzzle in redefining online gamers is the transition away from a stationary game platform. Today’s gamers have evolved into a “roaming” audience, one that expects and demands quick and easy access to their favorite games from any location. Teen audiences are especially connected at all times via their laptops. This younger audience not only requires but expects flexible gameplay options that allow them to sign in and play without carting around a large system

The gaming audience today has grown to resemble the population of any modern country—young and old, liberal and conservative, male and female.

or backpack full of games. While accessibility is of utmost importance, gamers are not going to sacrifice quality for convenience.

In addition, a sense of community has become increasingly important to the online gamer. This social gaming audience is looking for an experience that is either built on connections, or incorporates some interaction with others who like the same kinds of games. Players want to compete, collaborate, socialize, and connect through chat and other forms of online communication. Now

that social gaming has become an outlet, fewer gamers are looking for an isolated, single-player experience. Virtual worlds and traditional MMOs are the most prominent example of social gaming today, but many more hybrid platforms are emerging with the promise of further evolving a community-based gaming experience.

Up Next

Passionate gamers have always expected a constant challenge, high-quality content, and a

consistent influx of new content and new game experiences. These expectations are amplified among online gamers, who now have endless options to choose from when it comes to game entertainment. While this changing landscape presents new challenges to the games market, we have to recognize the vast opportunity provided for innovation, leadership, and growth. Successful online properties will recognize the emerging trends and find ways to better address the needs and desires of the redefined online gamer. ■

Today’s gamers have evolved into a “roaming” audience, one that expects and demands quick and easy access to their favorite games from any location.



Building Is Just the Beginning

Hotel iWin Postmortem

by David Fox and Nathan Fahrenthold



David Fox was the technical and creative director of the Hotel iWin Project. He is one of the founders of iWin.com and his writing has appeared in numerous books and magazines. David can be reached at david.fox@casualconnect.org.



Nathan Fahrenthold is a seasoned game industry professional with 12+ years experience designing community and online game features. As Executive Producer at HearMe he ran a large game fan site network and managed the web properties for Mplayer.com, an early online game service. As Senior Community Manager at Electronic Arts, Nathan managed the community for the best-selling console game of all time, Madden NFL Football. Nathan is now a Senior Producer at iWin, building social applications and multiplayer games. His latest project, Hotel iWin, is the first social gaming world for adult women. He can be reached at nfahrenthold@iwin.com.

Flash back to the summer of 2007: The Dow Jones was teetering at 14,000 points, casual game sites were unrolling clubs at bargain prices, and game content was essentially the same across all portals. At iWin, we were passionately discussing ways we could stand out from the crowd and provide the casual game audience with something truly new—not just deeper or cheaper. We agreed that creating a virtual world geared specifically towards casual gamers would do the trick.

Our initial design was incredibly ambitious. It featured several multiplayer games with revolutionary mechanics, real-time graphical chat, three-dimensional and deeply-articulated avatars, plus several layers of meta-games to tie it all together. But when we stepped back we realized that the development budget would have to be astronomical and the end-product would be a monolithic and complex MMOG—hardly something you could call casual.

So we went back to the drawing board, really studied our audience, and came to the conclusion that what would work for them would be a lighter, more flexible place that's a little bit virtual world, a little bit of a multiplayer game, and a whole lotta social network. That's where the sweet spot was:

The Sweet Spot

We also decided that rather than create a suite of lame mini-games, we would center the virtual world around the activity our audience already loved: Playing tons of downloadable casual games.

The end product is *Hotel iWin*.

When you first visit *Hotel iWin*, you get a hotel room and an avatar to customize. Then every minute you spend playing games on iWin's site earns you more of a virtual currency called Opals. You can spend your Opals on over a thousand uncommon items, which you can then drag around the hotel room in Colorform fashion, freely decorating and arranging to suit your personal tastes. Meanwhile, a public profile, message wall, and friends list allow you to learn about other guests and maybe even make a few not-so-casual friends.

We're very happy with the results so far. One month after opening, 50,000 people created rooms and 10% of iWin's users actively participated in the Hotel. Since then, the adoption rate has gone up to nearly 20%. Time spent on iWin.com and return visitors have also scaled nicely.

But it ain't all roses. And it ain't over yet.

What Went Right The Hotel Metaphor

We decided on a grand luxury hotel as the theme because we believe the main reason people play casual games is to escape from their daily lives—but in a mentally and emotionally stimulating way that other entertainment just can't provide. Additionally, it was clear that our players enjoy intense, open, but fleeting online relationships—very similar to ones formed on vacations. So the idea behind *Hotel iWin* is to really make folks feel like they're checking out of the daily grind and checking in to a brief but very real vacation.

The hotel metaphor itself worked great as a unifying vision, providing a clear way to structure our interface, item categories, and social networking mechanics. It even led to our host character: Carl the Concierge.

We didn't start off the project with a dedicated Art Director. In retrospect, this was, to put it gently, wobbly—akin to trying to have different carpenters working on the same chair without any plan.

Keeping the Scope Small

Our original design brief wasn't. It called for a truly massive multiplayer game-world to rival *World of Warcraft*, with every one of Facebook's social networking features thrown in for good measure. It had gifting, auctions, fully-articulated 3D avatars, and an experimental, cooperatively-based, massively multiplayer game mechanic. Budgetary and schedule issues aside, had we managed to actually build this monolithic masterpiece we would have risked launching with a complicated interface and convoluted product that a large chunk of our casual audience just wouldn't understand or care about.

Instead, we boiled the design down to the core community platform, focusing heavily on building those key features and putting our larger laundry list on hold. By limiting the scope in this fashion, we have also allowed our audience to help set the future direction of the Hotel while providing real-world usage metrics to further guide the design.

Strong Art Direction

Initially, several independent artists worked on the project, with the design team asking for things such as vector art for avatar faces that could be programmatically colored or arbitrarily scaled. We neglected to consider how furniture, the avatar, and room backgrounds would all blend together and live in the same world. What we wound up with was frightening:

Eventually we hired Charles Hailstones, a top-notch Art Director who was able to come into the project and lay down the law. Charles is that rare artist who is experienced at casual game characters, game interfaces, as well as web design. He also is familiar with the latest 2D, 3D, and Flash techniques and tools. Charles dug in and created detailed style guides that all artists followed, keeping the look consistent and our quality bar high.

Dedicated Team

One of the main reasons for our initial success was the ability to carve out a dedicated team of back-end engineers, Flash developers, artists, content wranglers, producers, and testers whose only focus was developing *Hotel iWin*. When you have skilled resources working on experimental and long-term projects such as the Hotel, it is very reasonable and typical to pull people away to help put out fires on more immediate and

revenue-generating releases. iWin management resisted that temptation, time and again. Not having to worry about other projects allowed the development team to concentrate on quality.

No (Well Not Much) Crunch Time

We knew that the product would need a long beta to be successful. Ultimately, we got an even longer pre-launch period than anticipated since the Hotel was tied to a complicated web release which wound up being significantly delayed due to unrelated issues. At first we were frustrated about having to wait for the grand opening, but we used our extra time to do further usability testing, to roll more requested items into our store, and to make tons of minor improvements. In the end, we were lucky enough to launch with a truly polished product that had zero known bugs—something we'd never experienced before in any of our game or web projects.

Usability Testing

As soon as we had a basic version of the Hotel up and running, we brought in several iWin players who lived in the Bay Area. It took a lot of effort to find the right people, schedule them in, and figure out the best pointed questions to ask. Harder still was having all team leads take full days off just watching people use the Hotel. The payoff was that we very quickly observed people experiencing the same problems. The play-testers' comments also gave us some fantastic new ideas and revealed many complexities we had taken for granted.

Based on usability results we were able to divorce ourselves from the product enough to redo much of the navigation and layer in a more intuitive first-time user experience.

Using Flex Builder

Adobe's Flex Builder is a wonderful tool for this type of web-based project. It allows "real" programmers to do real programming in an Eclipse-based development environment while still leveraging the graphical and artist-friendly power of Flash. Flex makes highly complicated forms and widgets fit together relatively easily, allowing quick interface iterations.



What Went Wrong Lax Load Testing

When we first launched, the Hotel caused the rest of the iWin network to become unstable. It needed to be taken down a few hours later. The problem turned out to be unanticipated database slowness due to too many additional queries. Although we had run theoretical load-testing on the Hotel, we had done so in isolation—not with realistic bots simulating thousands of simultaneous connections in conjunction with our very latest site code. This issue could have been avoided with a more robust staging environment that exactly mirrored our live server and database setup.

Ultimately, we had to spend a few weeks segmenting the database. Consequently, we've now got room to scale.

Bad First Impression

As mentioned previously, we didn't start off the project with a dedicated Art Director. In retrospect, this was, to put it gently, wobbly—akin to trying to have different carpenters working on the same chair without any plan. Our first effort looked heinous and was ultimately thrown out—though all of the code was salvageable and formed the basis for the final Hotel.

In addition to losing time and money, creating a lackluster first demo caused some of the iWin executives to rightly lose confidence in the product and wonder what in the world this rogue team was wasting its time on. We had to fight hard to regain that confidence.

Some Wrong Art (and Artists)

It wasn't until shortly before *Hotel iWin* launched that we finally knew how to create proper item art. The art style of the Hotel is a precise cocktail of realistic shapes with cartoony coloring, with a mixture of hand-sketched, 3D, pre-rendered, and programmatically-created effects.

Before we got the cocktail just right, we made other mistakes as well: We tried having 3D experts do 2D paint-overs; we purchased expensive models that lacked proper textures; and we wasted time iterating and bickering

Building Is Just the Beginning

Hotel iWin *Postmortem*

We went back to the drawing board, really studied our audience, and came to the conclusion that what would work would be a little bit virtual world, a little bit of a multiplayer game, and a whole lotta social network.



Above: a craptastic early prototype

Right: the Hotel today



over the style of minor pieces of art. Then once we nailed our pipeline and style guides, it was clear that some of the budget art houses we were using were poorly staffed and inexperienced. We finally wound up finding higher-quality art houses whose skill level matched our needs and processes.

We also learned this invaluable lesson: With an asset-heavy product such as *Hotel iWin*, it's never too early to set up an art pipeline. That's a mistake we'll never make again.

Lack of Optimization

Many hotel objects were created in a vacuum. There was no oversight as to how they would ultimately be displayed and how much system memory they would take. When dropped into the hotel room, some animated friends or backgrounds ground the processor to a halt. We could have avoided this with prototyping and analysis before making dozens of assets that needed to be optimized later.

Inadequate User Interaction

Hotel iWin profiles have a public message wall, similar to Facebook. We purposely designed our message wall to be simplistic since we weren't sure if our users would actually understand how to use it.

As it turns out, our audience went wall-crazy, with thousands of posts per day. But without having integrated replies, private posts, optional e-mailing, threading, or other common features, the experience is admittedly clunky. We'll be rolling out fixes to the message wall, along with a plethora of other community-oriented features, in our next major release.

At Your Service

While our core development team moves on to create new Hotel features, we're growing a brand new community team dedicated to maintaining the Hotel and keeping our audience happy. As with a real hotel, building the physical structure itself is one challenge, but the real work begins when it's time to keep the space populated, safe, vibrant, and fun. As our audience guides us into uncharted design territory, we look forward to ever-new rounds of triumphs and mistakes! ■

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The Ten Dos and Don'ts of Game Submissions

A Common Sense Approach

by Jeremy Barwick



As a Developer Partnership Manager at Oberon Media, Jeremy Barwick is extensively involved in all aspects of digital distribution of PC downloadable casual games. He reviews games daily and has a hand in every step of the distribution process—from submission, to QA and wrapping, to game merchandising and deployment. He works with game developers from North and South America, Europe, Australia and Asia. Previously, he worked for a small development studio in Southern California, doing business development and producing. Jeremy can be reached at jeremy.barwick@casualconnect.org.

The three great essentials to achieve anything worthwhile are, first, hard work; second, stick-to-itiveness; third, common sense. So said famous inventor Thomas Edison. Something tells me Thomas Edison would have made a great casual games developer.

As a Developer Partnership Manager at Oberon Media, I play more casual games than you might think possible. And for every gem of a game that I review, there are many more diamonds in the rough. And perhaps even some flat out rocks. (Hmm...multiple gem references...What does that say about me?...cough, cough.)

What does it take to make a good game that casual portals will jump to accept? To be honest, common sense has a lot to do with it. But unfortunately, while Thomas Edison was right about common sense, so was French Philosopher Voltaire, who said, "Common sense is not so common."

Why is it that our team repeatedly sees the same mistakes in game submissions? Mistakes that seem to violate common sense? I'm not sure. Our team of DPMs consists of regular guys and girls. We do not claim to be experts in game design theory. We just enjoy playing games. Therefore, I would like to share with you what our team believes are five violations of common sense that we see in game submissions. And I'll follow it up with five things we see in most successful titles.

1. Don't Clone Worse

Obviously, it makes sense to create a game based on an already successful title. However, what does not make sense is to make a really bad clone. In the game space, one of the first areas to slip is production value. If you want to make a hidden object game similar to a successful franchise, it had better look really good. Don't use MS-Paint and a bunch of screenshots from Google Images to make your hidden objects. Make your game look pretty!

2. Don't Use Keyboard Controls

I thought that by now everyone knows that keyboard controls will kill a game on most casual networks. Apparently not, because we continue to receive submissions with keyboard controls. Sometimes, because we really like the developer, or have a lot of fun playing the game, we decide to accept it and see if the "Keyboard of Doom" rule has changed. So far, it hasn't.

3. Don't Forget the Tutorial

Never assume that the average person will instantly understand how to play your game just because you understand how to play your game. (After all, it was your idea.) Granted, many players—especially portal subscribers—are going to be savvy to the usual mechanics. However, there are still first-time users and non-gamers playing your game, and they're almost certainly going to need some kind of tutorial to get started. And truth be told, even experienced players will appreciate a straightforward tutorial to help them become familiar with your UI and game-mechanic.

4. Don't Leave Out the Story

In some types of games, you almost automatically have a story. But in others, such as puzzle, matching, and card games, many developers seem to think that a story is irrelevant. Wrong. If you want to keep players from getting bored by repetitive gameplay, you need to intersperse it with story elements. Without that sort of integrated hook, it will be tough to keep players engaged and entertained beyond the one-hour trial. If you can keep them wondering whether or not young Jane will really be able to turn Nana's Lollipop shop into a success, then maybe they will hit that "buy now" button.

The success of a game, or lack thereof, can be greatly influenced by one or two (seemingly insignificant) elements.

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5. Don't Over-innovate

As mentioned previously, the casual space involves a lot of recycling—of game genres and mechanics in particular. In order to differentiate your game, to hook the player, you need to have something new, interesting, and different. But not too different. I've seen plenty of titles with innovative mechanics that did not convert. Perhaps as the casual audience matures, this trend will change. For now though, tread lightly when it comes to innovation. View innovation as salt on your dinner entrée. A little bit will enhance the flavor of the meal. Too much will make it inedible.

6. Do Know Your Consumer

I have a great idea for a casual game! There will be this guy running along some sort of platform. And he'll shoot all this stuff that comes to attack him! And maybe there will also be some cool spaceships, explosions, aliens, and monsters. And blood! Hmm. Bad idea. If you are making this title for Xbox, maybe it would work. But on a casual portal, it won't. Don't make a male-skewing game (like a platformer or a complex strategy game) and expect it to sell on a casual portal that caters to a primarily female audience.

7. Do Think Carefully About the Metagame

Let's face it. There are not tons of new game genres popping up in the casual space. And yet the audiences keep buying the same matching, object-seeking, time-managing games. Clearly, the gameplay itself is not the only attraction. Other than story elements, a metagame element is one of the major facets of a successful title. Give the players achievements to collect. Let them gather resources to build a city. Gaming elements outside of the basic mechanic are a must-have.

8. Do Keep Things Simple

When you take a look at best-selling titles, you will find that they are usually quite simple. The mechanic is easy to understand. The menu system is intuitive. The UI is straightforward, allowing the player to focus on the game rather than the buttons. The game can have complex strategies, of course, but don't confuse your users. Rather keep their minds clear so that the "buy now" button shines like a beacon when their free trial is up.

9. Do Allow Players to Skip the Cut Scenes

This might seem like a small point, but I really feel that having a skip option in your cut scenes is imperative. You may have spent a lot of time working on the story and the character. And

you might really want people to take the time to enjoy the story. But there are plenty of people who want to skip past it. Give them that option, and they will definitely be grateful.

10. Do Use Native Speakers to Help with Your Translations

Many great overseas game studios are producing awesome content. Whether you are running such a studio, or outsourcing to those studios, it is important to ensure that the text in your games has been proofread by a native speaker. This can significantly improve how the casual games audience responds to your game. If you think that Google Translate is a good alternative solution, you're mistaken.

Again, we Developer Partnership Managers are just normal people who like to play games. These are some of our observations based on the thousands of games that we review and play. In many cases, we feel that the success of a game, or lack thereof, can be greatly influenced by one or two (seemingly insignificant) elements. Of course, there is no secret formula for creating a best-selling game. At the end of the day, only the audience can determine whether your game is a financial success. ■

Finding Your Place in the Sun without Getting Burned

The Advantages of Partnering with a Publisher

by Kirill Plotnikov



Kirill Plotnikov has produced more than 90 games for Alawar, most of which have become financial successes. His hits include The Treasures of Montezuma, Stand o' Food, Farm Frenzy, Farm Frenzy 2, Natalie Brooks—Secrets of Treasure House, Beach Party Craze, Pet Show Craze, Sprill—The Mystery of The Bermuda Triangle, Virtual Farm, The Treasures Of Mystery Island and other well-known titles. Mr. Plotnikov graduated from the Mechanical and Mathematical School at Novosibirsk State University with a degree in programming. Kirill can be reached at kirill.plotnikov@casualconnect.org.



Farm Frenzy 2 includes impressive graphics and animations.



Mark Twain, the famous American author, once observed that “the cat that sits down on a hot stove-lid ... will never sit down on a hot stove-lid again—and that is well; but also, she will never sit down on a cold one anymore.” Such is the value of mistakes: They teach us valuable lessons, and the experience we gain from analyzing them is vital to building a successful business.

An even better idea is to learn from someone more knowledgeable than you—someone who has made lots of instructive mistakes for you and can warn you about the hazards that lie ahead. Someone like me, for example.

For a little over five years, I’ve worked as Alawar Entertainment’s head of game production, taking part in the creation of such titles as *Farm Frenzy*, *The Treasures of Mystery Island*, *Alabama Smith in Escape from Pompeii*, *The Treasures of Montezuma*, *Beach Party Craze* and others. Many things happened over the course of these years—ups and downs, triumphs and disasters—and throughout it all, the process of trial and error has led me to conclude that a true professional needs no extraordinary abilities to foresee the success of a game. All you need is the ability to analyze the market, plan ahead and, above all, build on the experience of your successful colleagues.

Monitoring the Market

Novice developers and publishers often yield to the temptations of the casual market. To them, it may seem that success is just around the corner—that all they need to do to see profits start pouring in is find a creative team and an investor. The truth of the matter is quite different. Early success might cause a team to start bragging without realizing success is somewhat arbitrary and may not happen again. This popularity disorder then affects the creative potential of the team, as it stops monitoring the market and eventually fails.

Monitoring the market is a difficult task with which inexperienced people often fail to cope. Consequently, they may discover (too late) that a new genre of games is surging in popularity or that the popularity of an old stand-by has begun to wane. For example, conventional wisdom might have suggested that casual games must be vivid and colorful and that horror and violence are

unacceptable. The recent success of *Redrum*—a horror adventure which recently reached number three on Big Fish Games—is a good reminder of how tastes and preferences are always changing.

Because market success can be so difficult to predict, most independent developers find that they can best utilize their creative and commercial potential in cooperation with large publishing companies. Publishers (like Alawar) provide uninterrupted financing, technical and marketing expertise, and protection from possible risks. A partnership with a publisher can be invaluable whether you’re a small startup or a mature company—even if that publisher is based in Siberia!

Partnering with a Publisher

To illustrate how a small developer can benefit from working with a publisher, consider the case of *Farm Frenzy*.

We had heard of Alexey Melishkevich—who was once a part of Aliasworlds, another studio with which we’ve worked—but we hadn’t gotten personally acquainted. Alexey was working with a development

Learn from someone more knowledgeable than you—someone who has made lots of instructive mistakes for you and can warn you about the hazards that lie ahead. Someone like me, for example.



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Finding Your Place in the Sun without Getting Burned

The Advantages of Partnering with a Publisher

group based in Minsk, Belarus, when by chance he and I met at a conference. It was there that Alexey pitched *Farm Frenzy* to me.

The Minsk team provided a detailed proposal and early concept art. At first, I didn't like the idea of a rural time-management game starring ducks and sheep. Hidden object games were gaining popularity in the west, and *Farm Frenzy* looked obsolete in comparison. Although there was no premise for its popularity, we decided to give it a try and invested in the project.

Turns out we did the right thing.

First, we established a reliable communications channel between Minsk and our main office in Novosibirsk. Typically, we would get in touch with developers only to resolve issues as they arose. But on this project, the developers reported in once a week to review their work. Through this persistent coordination and ongoing exchange of ideas, we avoided a number of common pitfalls.

The results were astonishing. A year after we started working with this unknown developer from Minsk, we translated *Farm Frenzy* into ten languages. And sales were numbered in the hundreds of thousands. A little later, we released a highly successful sequel, and in January 2009, the world saw us publish a third *Farm Frenzy* game—in which players get the chance to run a pizza factory. Our short-term plans include releasing *Farm Frenzy* on the Nintendo DS as well.

Looking Ahead

The strange thing about casual titles is that the development of a small game takes significantly less time than a full-fledged retail project. While it takes big studios two to three years to complete the development of a major release, we do it in six to ten months. As a result, a casual game producer gains experience

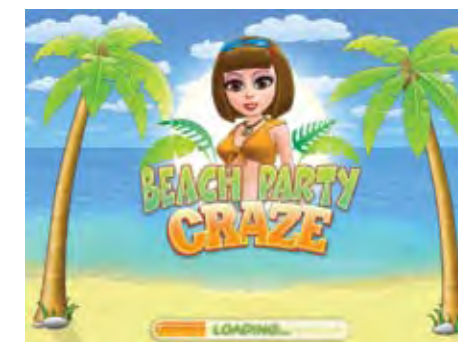
faster—but he assumes more risk as well. If you don't accurately predict the expectations and preferences of gamers, marketing will be useless, as there's no guaranteed sales volume in the casual industry.

Meetings with representatives of foreign companies have convinced me that it's time for more effective planning. A well-calculated and -educated approach must replace intuition and creative chaos. The casual games business is completely faceless, and you can't rely on customer loyalty or popularity. Small games are released daily, and gamers don't care who makes and publishes them. For most of them, casual games provide short-term entertainment. Gamers might have favorite movie stars, but they won't ever memorize the name of a game producer. In the best-case scenario, they might notice the name of the publisher, but little else.

And here's another interesting trend: brand-specific ad games are quickly gaining popularity. More and more large companies are interested in investing in such projects to strengthen their brands. Alawar is already taking steps in this direction. In association with Oleg Kuvaev, a popular Russian animator, Alawar recently developed a hidden object game called *Masyanya Under the Yellow Press*. The visuals resemble those of Homestar Runner, the super-popular Flash cartoon site (www.homestarrunner.com). To our delight, Russian gamers have given the project a welcome on a par with *Farm Frenzy* and *Farm Frenzy 2*, on which they have spent over a million dollars (USD) so far.

And that's just the beginning. The dynamics of the casual entertainment market suggests small games are the future. We're following the same path as our American and European partners, and sometimes even outrunning

them in certain aspects of our business. The primary goal of each person working in casual games today should be to assess each situation correctly, collaborate with like-minded partners, and thus find a comfortable place in the sun. It's the best way to avoid getting burned. ■



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Do You See What I See Hear?

Greater Accessibility Leads to Greater Fun

As we have become more aware of the particular needs of the disabled, governments have increasingly made accommodations for them in public places. Consequently, parking lots, bathrooms, parks, and sidewalks all have been modified to provide greater accessibility for disabled citizens. Initially, making provisions for the handicapped was expensive, disruptive, and perhaps for some even annoying. But once designers understood how to plan for the disabled, such provisions have become widely accepted as the humanitarian thing to do.

Still, providing access for the disabled in public places is one thing. But what about video games? Should game designers anticipate the needs of the disabled in building a diversion? No one is *required* to play a video game, after all—and as far as I know, no one is arguing that playing a game is an inherent right of citizenship. Even so, some people would say that game developers *should* consider accessibility when designing their games. And I'm one of them.

Making the Case

I am not what anyone would classify as disabled, mind you. However, a funny thing happened to me while attempting to complete the tutorial of a new casual game. At first, I thought it was odd that all I could see was a mouse arrow over a black screen. I could read the text instructions just fine, and I could hear rich ambient sounds—someone walking slowly on dirt, chickens milling about in the background, and so on. As an audio guy, I was particularly struck by the excellent quality of the sounds. In fact, I was really enjoying the experience.

So apart from the blackness, the game appeared to be functioning fine. It occurred to me that perhaps the designers had deliberately omitted the graphics so I would focus on this part of the tutorial. *That's different*, I thought. *Cool*.

As I progressed through the tutorial, the farm animal sounds faded away and the sound of footsteps on dirt were replaced by footsteps on a wood floor—a clear sign that the current location was no longer outside. Pop-up text then instructed me to go back to the barnyard to continue the tutorial. I thought: *Yeah, right. Like I know where the barnyard is on this black screen*.

Then it occurred to me: *Maybe I can find the barnyard by clicking around till I hear the farm animals and the footsteps on dirt again. This tutorial is getting cooler!*

So that's what I did—and in the process I found my way back to the barnyard. As I continued to move the mouse around the blackness, bits of text would show up telling me parts of a story. Totally engaged now, I eagerly hunted for more information so that I could piece it all together. I was completely immersed in this mysteriously challenging world of sound and text.

Well, you've probably guessed correctly that in the end the blackness was not intentional. Rather, a video glitch would not allow the game's graphics to be properly displayed. After fixing the glitch, I replayed the tutorial with all the graphics present—and had a much different experience. The audio was good, but not as excellent as I had perceived it to be during the dark version. I even found myself wishing the game really was the unique poke-around-in-the-dark adventure I had previously thought it to be.

Why am I sharing this story? Because it showed me that my secondary senses will become more acute when my primary senses are deprived of information—and that playing a game with only those secondary senses can be a whole lot of fun. When we perceive an incomplete picture, our minds fill in the missing parts. And as we work to fill in what's missing, we become more engaged. For me, playing a game without visuals helped me to see things I never would have seen before.

And so I wonder: With some tweaking, couldn't we make our games fun even for the disabled? And in the process, could we create new modes of play with unique challenges and fun for everyone and anyone who likes to play games? Why *wouldn't* we want to do that? Maybe this is why PopCap includes colorblind options standard with *Peggle*. Perhaps this is why Blizzard offers text options for color-coded currency in *WOW*. Maybe AbleGamers.com—with its 1,000,000+ hits in the month of March—is trying to tell us something.

Perhaps we should listen. ■

by Greg Rahn

Greg Rahn has been creating soundscapes for interactive games since 1994. In the casual games genre, his work can be heard on titles from PopCap, Pogo, Zynga, iWin, Kongregate, and many others. He has provided audio for over 130 titles including such hits as Scrabble, Kongai, Mafia Wars (iPhone version), Bookworm Adventures 2, Family Feud Online Party, and Jewel Quest II. His soundtracks have been honored with various industry awards. Greg can be reached at greg.rahn@casualconnect.org.



Some people would say that game developers should consider accessibility for the disabled when designing their games. And I'm one of them.

Calm Down, Would You?

Appealing to a Wider Audience Through the Relaxed Mode Option

by Teresa Carrigan



Teresa Carrigan develops multiplayer online games for Electrotank, using the ElectroServer4 platform, Java, and ActionScript. As a professor of Computer Science at a liberal arts college, Teresa once worked on a research project in the field of multiplayer online games. She found the project so compelling that she left academia for the games industry—and hasn't regretted it since. Teresa can be reached at teresa.carrigan@casualconnect.org.

The user forums at websites such as Gamezebo and Big Fish Games offer a wealth of insight into what the most vocal players look for in a single-player casual game. Many users are clamoring for options that allow them to tailor the games they purchase to suit their mood and style of play. Some of the most outspoken users are disabled and would be happy to buy twice as many games as they do now if only those games had a few easy-to-add options.

By far the most venting you'll see on the forums has to do with timers: Several users have threatened to boycott any game that does not include the option of playing with the timer off—no matter how generous that timer might be. Many others moan about being unable to finish a game they have enjoyed simply because they were physically unable to move the mouse fast enough to complete a particular level within the time allowed. The easy-to-implement solution for such users is to provide a relaxed mode option.

Timers and Stress

Having to beat a timer can give some players a thrill. There's that rush of adrenaline that comes with barely squeaking by in the last few seconds, and the joy of finally beating a difficult level after several attempts. This thrill appeals to many players, but by no means to all of them. Those who play games as a way to wind down after a hectic day have reported that having a timer ticking adds stress and detracts from enjoyment. Although at other times those same users may want the adrenaline rush that comes from playing the game with the timer on, they are starting to insist on the ability to turn the timer off when they want to relax.

Relaxed Mode Audience

A wide variety of users appreciate an option that either loosens time limits or removes them altogether:

- **Anxious users.** Users who spend all day rushing about often like to unwind with a game that gives them unlimited time. Some users are prone to anxiety attacks, and untimed games help relieve stress until the anxiety attack passes.
- **Mouse-impaired users.** Some users are unable to click or move a mouse quickly due to carpal tunnel problems or arthritis. Those whose hands tremble need extra time to position the mouse in the correct location before clicking.
- **Visually-impaired users.** Some users have poor eyesight. Those with bifocals, in particular, often spend extra seconds moving closer to or farther from the monitor in order to adjust their focus, particularly when items are small or there is not much color contrast.

No relaxed mode = no sale

- **Distracted users.** Many users play games knowing that they will be interrupted frequently—by children, phone calls, emails, IM, (or the boss). Although most games can be paused, when play resumes it always takes a few seconds to get mentally oriented on the game status again.

There is a growing pool of potential customers for games that are not fast-paced. Inasmuch as it is quite easy to implement some type of relaxed mode without affecting the basic gameplay, doing so promises increased sales and profits for minimal investment.



- **Young children.** Many casual games are easy enough to play that young children can enjoy them; however most young children are still learning hand-eye coordination. Certainly such young players should not be held to the same time constraints as adults.

Handling Scoring in Relaxed Mode

Many games depend heavily on a time limit to produce scores that make sense. The easiest way to deal with this is to not record scores when a game is played without a timer. At the same time, there are some straightforward ways to appeal to those who like relaxed-mode games but still enjoy the incentive of achieving a high score. Here are just a few approaches you might consider that will enable you to provide scoring even in relaxed mode:

- **Practice mode:** Any game can have the time limit set to infinity, the timer removed from the UI, and no score recorded other than completing the levels.
- **Expert, Normal, Easy, Relaxed Mode:** Any game can have two or more difficulty settings, each with a separate scoreboard. Use the

difficulty setting to calculate the time allowed, using a multiplier of some kind. If possible the Relaxed (or Zen) mode would have no timer at all; but if the game doesn't make sense with no timer, give it a large time limit such as four or eight times that of Expert.

- **Gold, Silver, Blue, Green:** Instead of having numerical scores for each level, award any player who finishes within a fast target time a gold medal. Finishing within twice that time merits a silver medal, within four times that time a blue star, and finishing at all gets a green check. Give users an option to replay any level as many times as they wish, and some will return again and again to the troublesome levels trying to turn them gold.
- **Counting Hints (Hidden Object Games):** Allow hints to roll over from one scene or level to the next. If there is a way for a player to earn extra hints, then the score for a relaxed-mode game is the number of accumulated unused hints. If the game allows unlimited hints, then simply count the number of hints used, and the fewer the better. Some players will play again and again trying to get a perfect score.

- **Counting Unused Power-ups (Match-three Games):** Allow power-ups to roll over from one level to the next, and use the number of accumulated unused power-ups as the score.
- **Counting Moves (Match-three Games):** Some match-three games are ideal for using the number of moves made as the score, with the fewer the better.
- **Counting Customers (Time Management Games):** In time management games that have a goal of earning a target amount of money within a time limit, the relaxed mode might instead require that you earn that sum within a certain number of customers. Alternatively you might allow play to continue until a limit on number of unhappy customers is exceeded.

Conclusion

There is a growing pool of potential customers for games that are not fast-paced. Inasmuch as it is quite easy to implement some type of relaxed mode without affecting the basic gameplay, doing so promises increased sales and profits for minimal investment. ■

Lessons from the Hardcore

Marketing Casual Console Games

by Carolyn Carnes



Carolyn Carnes is principal at and majority owner of Flash Fire Communications, a boutique marketing and PR agency exclusively serving the games industry. With 10 years experience in marketing and over 20 years experience as a hardcore gamer herself, Carolyn brings a unique perspective to the discipline of video games marketing. She has launched titles across all current platforms, ranging from hardcore retail to licensed IP to downloadable casual and episodic games. Carolyn can be reached at carolyn.carnes@casualconnect.org.

Last year’s “Casual Games for the Consoles” session at Casual Connect Seattle established that there is a lot of opportunity, but also a lot of risk, for those interested in expanding casual gaming into new frontiers. To take that notion even one step further, it’s also true that choosing to develop for console platforms automatically changes the potential audience for your games. This momentous step opens the door to a whole new world—one where you’ll have to sweet-talk the hardcore gaming community (while still appealing to casual gamers), woo journalists, and make the most of your console/publisher relationship to get the word out about your title.

Here are some concrete marketing insights for casual game developers coming to consoles for the first time. The following tips cast light upon how to appeal to your core audience, even if you’re unfamiliar with the practicalities of hardcore game marketing.

Why Should You Care About Hardcore?

Before you make the move onto the console, ask yourself: *How will a casual gamer find out about my game? How will a casual gamer form an opinion about my game? How will a casual gamer gain access to a console in order to purchase and then play my game?* The answer to all of these questions is likely to be: through the hardcore gamer, or perhaps through the hardcore gaming press.

Gaming consoles are specialized equipment and, until very recently, have represented a serious financial commitment on the part of the purchaser, automatically making them members of the hardcore. These gaming enthusiasts are knowledgeable, outspoken opinion-leaders amongst their family and friends. A good word from them about your game can be just as effective as an ad, if not more so. Indeed, hardcore gamers not only inform others about game purchases, but—with the possible exception of the Wii—are the chief “owners” of a console in a household, often monopolizing its use and controlling others’ opportunities to play.

So where do hardcore gamers get their information on upcoming console titles? From other hardcore gamers, gaming journalists, and the console providers themselves. A successful casual console game launch hinges on getting all three on your side. Here are a few simple rules of thumb to help you increase your chances of success:

Laughter Is the Universal Language.

Hardcore gamers are often cynical, jaded, and prone to off-the-cuff dismissal of the unfamiliar, and you might be tempted to make your game seem sexier, more serious, or more hardcore to compensate. Don’t! Be unapologetic about what you are offering and keep the message simple, but relevant. Hardcore gamers are bombarded with heavy-handed seriousness in the form of faceless space marine shooters and “only you can save the world!” 100-hour-plus RPGs every day. You’re different! Capitalize on it.

Laughter is a powerful tool for game developers. If you give hardcore gamers a reason to pause and laugh with you (rather than *at* you), they’re more likely to listen to your message and spread the word. Your particular title might not be inherently funny, but a bit of self-aware humor can go a long way in your marketing campaign. Spend some time crafting one universal look or feel or phrase. With care and a little luck, you can come up with something that tickles anyone’s funny bone, whether they’re hardcore, casual, or not even a gamer at all.

Here are some concrete marketing insights for casual game developers coming to consoles for the first time. The following tips cast light upon how to appeal to your core audience, even if you’re unfamiliar with the practicalities of hardcore game marketing.



Screenshot from Mahjong Tales: Ancient Wisdom for PSN, first revealed to the hardcore through the PlayStation blog with an in-depth discussion from the producer.

Previews: Let Them Look Before They Leap

For each new title, the hardcore gaming community is accustomed to six-to-12 months’ worth of communication; this means developers and marketers have plenty of time to convey a complicated message and react to the community, tweaking their plans long before launch. In contrast, casual games often get less than two months of promotion prior to launch, making it harder to build enthusiasm and momentum.

So make your chance count. Even with little time and less money, there’s still one absolute must: engaging the gaming press. Securing a high-profile preview is your single best chance to get critical information out to gamers and to generate interest among other journalists, planting seeds for review opportunities at launch.

And don’t stop with that first preview. Listen to what that journalist has to say. Don’t take it as a given that a previewer will sing praises; he or she will also be pointing out shortcomings and opportunities for improvement. Gaming journalists pride themselves on getting developers to incorporate suggested changes and will expect

the same from you. Whenever possible, address the issues raised or have a good explanation for the decisions you’ve made to the contrary. Otherwise, you’ll get lambasted come review time.

Console Providers Help Those Who Help Themselves.

Microsoft, Nintendo, and Sony are powerhouses of marketing muscle, but they’re unlikely to come to you with opportunities to promote your title. In other words, you’ll have to go to them. But do your homework first. Look at similar titles that have recently launched on their platforms and see what kind of support they received. Next, invest time and energy in creating original content that slots neatly into the format that console providers typically use for their campaigns. Combine your knowledge of past campaigns with the unique ideas and tactics you’re committed to using for yourself and *then* approach the console providers to bring them onboard. The more imaginative you are with your concept and the easier it is for them to implement, the more likely it is that you’ll get

into the sponsored blog, community event, or dashboard promotion you’ve been wanting.

The rewards can be huge. I’ve found sponsored blogs to be particularly effective, as they have a built-in readership that loves to talk directly to developers, offering opinions and honest reactions. And, as with the journalists, it is critical to address the issues raised by the community or to have a good reply to a criticism. Even a game as casual as *Mahjong* can get props from the hardcore audience if presented in a new light:

“whoa. mah-jong is a little played out, but this looks pretty sweet, actually.”

“yeah, looks kinda coolish and even the dragon has 4 claws! RESPECT for whoever researched that ^_^”

—Official PlayStation blog user comments

Manage Your Expectations

Your first time out on consoles can be rough. You may have a tough time understanding review scores, gauging community interest, or forecasting sales. By taking the time upfront to think about what will appeal to each of the key groups—hardcore gamers, gaming journalists, and console providers—you increase your chances of a successful launch. But effective marketing is as much an art as it is a science. Even if that initial title doesn’t perform as well as you would like, engaging the audience will establish your company’s reputation for future opportunities and that is always a worthwhile investment. ■

Laughter is a powerful tool for game developers. If you give hardcore gamers a reason to pause and laugh with you (rather than at you), they’re more likely to listen to your message and spread the word.

You didn’t have to know anything about gaming or the Naruto anime to get a kick out of this contest.



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The “New” Casual Female Market

Understanding the Psychology of the New Female Demographic

by Linny Cendana



Linny Cendana is the founder and CEO of Room Candy Inc., a six-year-old lifestyle consumer goods manufacturer/wholesaler for women aged 20-to-35 years old. She is also the founder and CEO of Room Candy Games, a division of Room Candy Inc. that is focused on publishing games for the “new” casual game market, including browser-based games, social games, and games for iPhone/iPod Touch. Previously, Ms. Cendana spent five years on Wall Street in equity research covering the interactive entertainment sector. Linny can be reached at linny.cendana@casualconnect.org.

There’s a new market segment for casual games and its composition may surprise you. Far from the typical crowd of casual game consumers, this group has some strong differentiators:

- Female
- Age 20-39
- Relationships of various types
- Busy social calendars
- Desire to stay “hip” (possibly even “girlie”)
- Tech-curious (as opposed to tech-savvy)

Note that this “new” group of casual female players cannot really be considered “gamers.” They are simply consumers who play games as part of their leisure/entertainment activities. They don’t search out new games and would probably never say that “playing games” is one of their primary diversions. Rather their gameplaying is a byproduct of other activities: They may play simply because a game is “pushed” to them while they are engaged in some other online activity (while interacting with friends on Facebook, for example). They play because their friends do, or because it’s a cool thing to do. In that respect, the social aspect of their gameplaying cannot be overstated.

You Lost Me at “Download”

Evidence suggests that this market—the casual female market—isn’t too keen on downloadable games. They seek a 10-to-15-minute gaming experience, and that time span is a mere fraction of the time it takes to download a typical MMO. Many of these women sneak in online browsing—reading gossip blogs, scanning Facebook, shopping for the latest apparel—while at work. In order to fit in with this sort of online behavior, games for this demographic must be of the bite-sized, “accessible anywhere” variety. Browser-based games are good, but even better are social games within the social networks these women already visit as part of their daily digital snacking.

Oh So Pretty

It goes without saying that the casual female market is attracted to games that look, well, pretty. The retail industry knows this, and makes this a top priority. Publishers of games developed for this demographic must also remember that the “window shopping” mentality is very well ingrained with women, and making games look pretty is as important as making them fun to play. A strong case study for this approach comes from the consumer goods division of Room Candy, which manufactures toys, home décor and scrapbooking accessories aimed at women 20 to 35 years old. At Room Candy, we’ve learned that if products don’t look “cute”, or if the color is off (wrong shade of pink, for example), they don’t sell. You can argue that games are inherently different because the gameplay experience is different from game to game, but all else being equal, the prettier looking game will stand a much better chance of winning over the consumer.

Men Compete, Women Compare

Men generally prefer gameplay that involves direct competition and combat. Conversely, women seem to react much better to indirect competition or peer pressure. They don’t need to be the alpha of the pack, but they want to level-up to the same standing as their peers. These equations best illustrate the dynamics of men vs. women:

- Men > Men
- Women ≥ Women

Five Female-friendly Themes

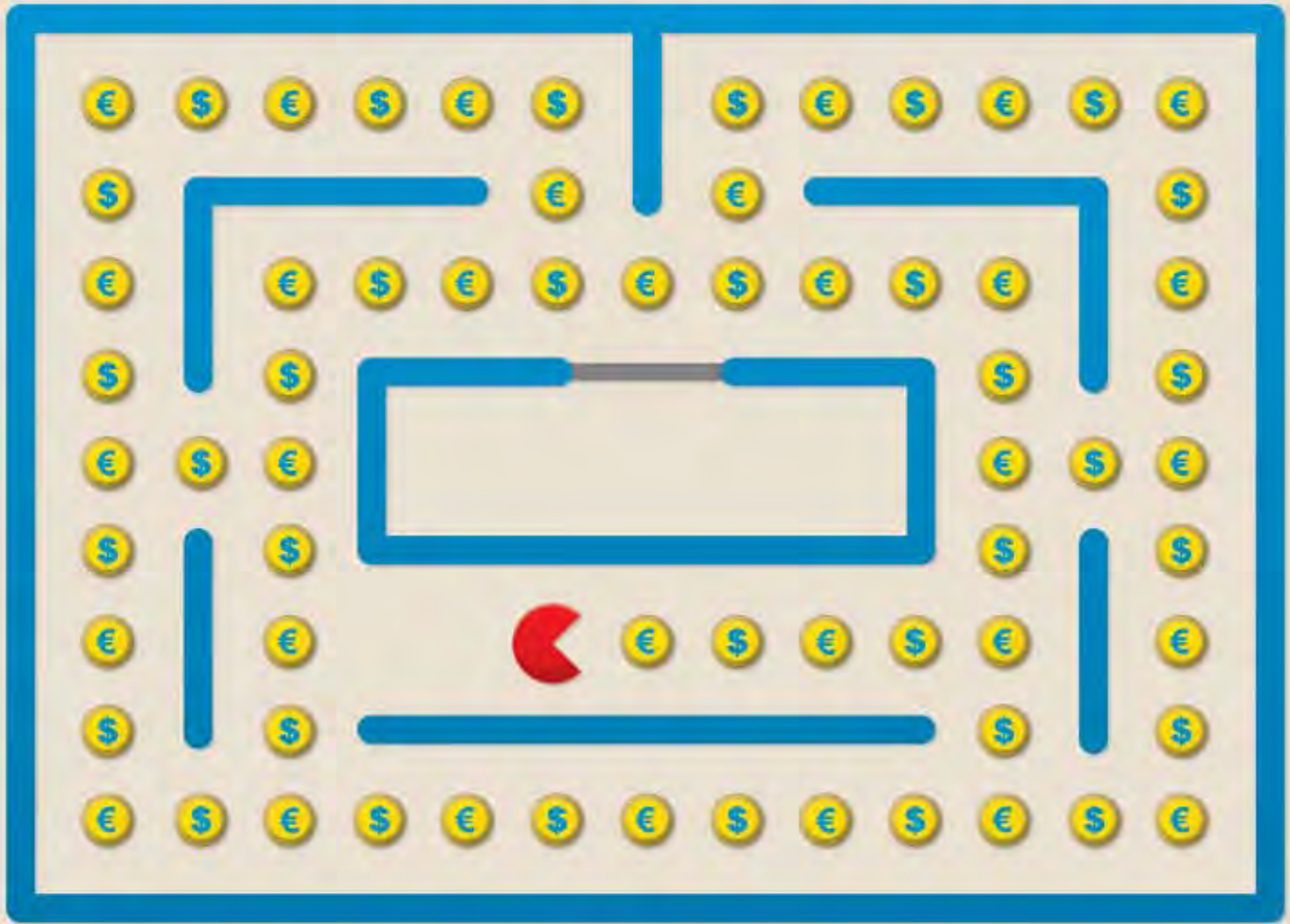
Games with the following five themes—what we’ll call The Five Fs—generally appeal to women because they are aligned with what women are drawn to in real life:

- Food
- Friends/Family
- Fido/Felines (Pets)
- Fashion
- Flowers/Farming

Rising to the Challenge

Catering to the new female casual market is not an impossible task, but certainly a challenge because we are essentially competing for women’s leisure time. The key for publishers who want to tap into this demographic is understanding the psychology of young females today compared to the traditional demographic of female gamers. ■

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Making a Media Relationship Really Work

The Case for Co-Production

by Lloyd Melnick



Lloyd Melnick has been involved with publishing and licensing computer and video games for over 16 years. As a co-founder of Merscom, Lloyd has marketed, produced and published over 150 games for both the casual and core gamer market. Lloyd played a key role in the development and launch of Merscom's number one hit title, Blood Ties, building a relationship with Lifetime Networks, selecting the game's developer and managing the launch. Lloyd was also responsible for building Merscom's relationships with Paramount, Starz Media, National Geographic, Showtime Networks, uClick and Granada Ventures. Lloyd has also developed and implemented Merscom's retail distribution network both in the U.S. and Europe. Lloyd can be reached at Lloyd.melnick@casualconnect.org.

Casual gaming represents perhaps the best opportunity yet to meld successfully traditional media—film, television and books—with gaming. While most efforts to date have left gamers unsatisfied and game companies with huge losses, Merscom's tremendous success with *Blood Ties* (based on a television series) and *Righteous Kill* (based on a motion picture) shows the potential of this opportunity. But this success is not merely the result of the differences between casual and core games. It is largely due to a new business model, co-production, in which the media and game companies' interests align more closely than ever before.

Games and Media

What makes the opportunity to integrate traditional media with casual games so interesting right now is the dismal record the game industry has had in the past twenty years in working with media companies. The poster child for this failure, the original Acclaim Entertainment, was a publicly-traded game publisher founded in 1987. Despite, or possibly due to, licenses that included *Batman Forever*, *X-Men*, *South Park*, *Spider-Man*, *The Simpsons*, and *WWF*, the company ended up going bankrupt in 2004 with liabilities of over \$100 million.

Acclaim was not the only example of a failure to merge successfully traditional media and gaming, however. Brash Entertainment, formed in 2007, raised over \$400 million and yet went out of business in 2008. Although they launched games based on properties ranging from *Alvin and the Chipmunks* to *Space Chimps*, and were developing games based on mega-properties such as *Superman* and *Saw*, they quickly lost consumer—and investor—interest.

Even the most successful U.S. gaming company, Electronic Arts, has a mixed record in working with major media properties. Despite paying a large licensing fee to create a *Dark Knight* game to take advantage of the movie's extraordinary success at the box office, EA failed to release a game. According to *Newsweek*, this failure to capitalize on the movie's release may have cost EA an estimated \$101 million in missed revenue.

The failure of traditional game companies to leverage major media properties makes the success of casual games based on film and television titles all the more exciting. There are several key differences between casual and core games that contribute to this new success. Development time is one such benefit. By the time a developer has completed contract negotiations and secured the license to a film, there is often less than a year to complete development of a new game prior to the release of the movie. Unfortunately, it takes 18-to-24 months to create a truly competitive core game. (So it should not be altogether surprising that so many of the aforementioned Acclaim games were criticized by reviewers for being shallow and not adequately reflecting the underlying property.) In the casual game environment, however, six months is the normal development cycle for a highly polished game, which makes it easier for a developer to integrate a strong story from a movie into the game without compromising on quality.

In addition to timing, the demographics of the casual game industry lend themselves to movie and television adaptations. Casual games are by definition mass market products, designed to appeal to all

ages and both sexes. Core games, by contrast, are targeted primarily at 15-to-24-year-old males, who constitute only a small percentage of the television and motion picture audience.

Finally, budget plays a key role. Even the best film studios and television networks have their share of failures, and they do not know which properties will miss expectations before they are launched. It costs upward of several million dollars to create a competitive core game, and the loss caused by creating a game that is tied to a property that falls short of expectations is also huge. This risk makes it illogical for a game company to license anything except the most proven properties. On the other hand, when strong casual games often cost under \$100,000



Blood Ties, a hidden object game based on the Blood Ties TV show

completed as quickly as possible and that the consumer is satisfied with the finished product. In addition, property holders are less likely to make unreasonable demands or to delay the approval process because they are equally motivated to get the game finished so that it can begin to generate revenue.

Such cooperation encourages both parties to take a rational and honest approach to development costs. In a recent Merscom project, for example, the Licensor (the property holder) thought that the addition of voice-overs would be useful feature in a game. If the Licensor had



games. In a licensing relationship, the game company (the Licensee) normally pays a royalty back to the media company (the Licensor) based on net revenue. As part of this relationship, the Licensee will guarantee a minimum royalty payment, with the timing of that payment ranging from when the agreement is first signed to when the game is released. This type of relationship has several benefits to both parties. The Licensee ends up paying less to the media partner than with a co-publishing relationship (as the royalty rate virtually never reaches 50%) while retaining much more control over the project. At the same time, the Licensor does not bear any risk and in many cases is guaranteed a minimum return. The downside to this relationship is that there is less incentive for the media company to make the product a success. In fact, it often considers the guarantee the extent of its revenue opportunity. The game company must bear all the risk, which can be high if the product does not resonate with its market. Furthermore, the game publisher is also exposed to potentially unreasonable demands from the media company during the development process.

The work-for-hire option is often favored by cash-starved game developers. In this case, the media company funds the complete development of the project, but the developer has little or no participation in the sales of the game. Although the developer bears no risk and gains valuable experience in working with a property, the benefits are limited. The media company bears all the risk for the product and sometimes has to deal with a developer more interested in collecting its fees than in creating a success.

Choosing the Right Partner and Property

The final key factor in creating a mutually-beneficial relationship with a media company in the casual game space is choosing the appropriate partner. Working with the right partner can jumpstart a company and create a very profitable relationship for everyone involved. On the other hand, selecting the wrong partner can just as easily represent limitations on a company's growth. Thus it is essential to consider three important criteria when teaming up with a media company: demographics, properties, and the business model.

What makes the opportunity to integrate traditional media with casual games so interesting right now is the dismal record the game industry has had in the past twenty years in working with media companies.

to develop, game publishers and media partners can invest in a game with very limited financial risk—especially since the game will also serve as a promotional tool.

A Business Model for Success

The most critical factor in the success of media-property-based casual games, however, is the co-production business model. The co-production model is quite simple: The publisher/developer and the media partner share both hard costs and actual revenue 50/50. This simplicity, coupled with complete transparency, is one of the core benefits of the model, as both parties are more likely to fully understand their contributions and what is expected of them.

This explicit cooperation unites the interests of both the publisher and of the media company in maximizing the return on the project, creating an air of honest interchange. Both companies remain committed to making the highest possible total revenue while limiting their risk exposure. By sharing revenue evenly at every stage of the development process, both parties are compelled to find ways to make sure that development is

borne none of the development costs, it would have had no disincentive to force this (and other) features into the game—even if they were unlikely to increase sales. Alternatively, if the Licensor had borne the full development costs, there would have been no reason for the developer or publisher to give an honest assessment of the suggestions, especially considering that any change—smart or otherwise—would ultimately have resulted in a higher development budget. Because the co-production model places equal responsibility and risk on both parties, however, this decision was reached through honest dialogue about the costs and potential benefits, and both parties reached a decision that maximized total return from the project.

Other Models

In addition to the co-production business model, there are two other models available to casual game companies who are interested in working with high-profile entertainment properties: licensing, and work-for-hire. Licensing is the method that game companies have traditionally used to bring media properties to

Screenshots from Righteous Kill



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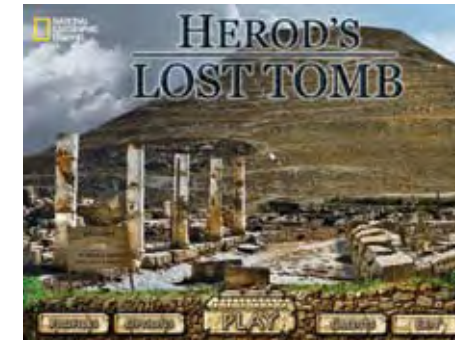


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Making a Media Relationship *Really* Work

The Case for Co-Production



Herod's Lost Tomb advertises breathtaking graphics from the National Geographic Channel.

When selecting a partner, the game company must be sure that the partner understands and is focused on the core demographic. While a developer may personally watch ESPN or be addicted to shows on Spike TV, those vehicles do not necessarily appeal to the core casual game demographic of women over 35. The same can be said of movies: Although a developer may want to see the next *Terminator* movie, the *Sex in the City* sequel is likely to resonate more with the casual game demographic.

When selecting a partner, game companies should also find out who owns the rights to interesting properties. For example, a television show on NBC may actually be owned by CBS, so weeks spent trying to find the appropriate contact at NBC would be mostly fruitless. Investing time researching the actual rights holder of any property is generally worth it.

Finally, determine at an early stage whether the media company is open to the business model(s)

that you are pursuing. If you only want to enter into a co-production relationship, discuss this at an early stage with your potential partner. In the midst of the current economic slowdown, many media companies do not have the budget to commit anything to games. So be sure to seek partners who are likely to be open to your proposition.

When It Works, It Works

The convergence of mainstream media and casual games is a fantastic opportunity. For Merscom, these partnerships have generated anywhere from a 3x to 13x return on investment (that is, up to \$13 for every dollar invested). Forging partnerships with the entertainment industry will continue to grow the casual audience by bringing fans of movies and television into the game space. In fact, as competition intensifies and margins shrink, forming relationships with media companies is an opportunity everyone should explore. ■



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Using Advertising as a Payment Option

by Dave Madden



David Madden is EVP of WildTangent, one of the world's leading video game networks that has pioneered the value exchange model through its Sponsored Session™ advertising platform, currently utilized by over 100 of the top global brands, across tens of millions of game sessions each month. He also serves on the Board of the Internet Advertising Bureau and is the Co-Chair of the Interactive Games Committee. Dave can be reached at dave.madden@casualconnect.org.

Advertising is experiencing a radical evolution, much to the delight of consumers. After decades of having commercial overload heaped on them by entertainment and media outlets, consumers are increasingly in control of how they acquire and consume their news and entertainment. This has led to a dramatic shift in the rules of engagement between advertisers and their targets: viewers, listeners, and now gamers.

For example, with 18 out of every 60 minutes of primetime television programming made up of commercials, nearly one third of a viewer's time is spent watching ads. The brilliant TV drama *24* might as well have been called *16* since that is the real entertainment value a viewer “earns” after accounting for the commercials over the 24 one-hour episodes.

Exercising Consumer Choice and Control

Advancements in technology, led by broadband Internet, have democratized media distribution and made consumers increasingly aware that they don't have to settle for advertising overload any longer. The success of DVRs is due in part to the flexibility they offer consumers in how, or if, they watch advertisements. Television advertisers are increasingly losing younger generations who either skip ads altogether or rely on other competing media formats. At the same time, the rapid acceleration of broadband penetration around the globe has expanded consumer options for watching video, listening to music, reading news, and playing video games online. This massive increase in both content and access points to that content has created a paradigm shift toward consumer choice and control. Put simply, consumers can now purchase or rent their media a la carte, placing a monetary value on individual TV episodes, songs, video game sessions, etc. Breaking up content into smaller increments gives consumers the leverage they need to essentially barter with marketers for their time and attention.

It is proven that consumers are willing to accept relevant, entertaining advertising that offers a fair value in exchange for their time spent. In other words, consumers will gladly submit to marketing messages if they receive in return a song, a TV show, or a game that they would otherwise have had to pay for. Some of the biggest media conglomerates in the world are catching on to this value exchange concept. Hulu, an online video service owned jointly by NBC, Fox, and Disney, offers top TV shows and movies on demand while allowing viewers to choose upfront how they will receive the advertising of sponsors. I use Hulu on a regular basis because it gives me real value—on-demand access to my favorite programming with limited commercial interruption. I get to choose whether to watch one long-form commercial at the start of a show or a few short ads in stream, and in exchange I get world-class content that I normally would have to “pay” for through a cable subscription *plus* the 18 minutes of commercials, or through a \$1.99 transaction on iTunes or the like.

Prove It

In the gaming space, we offer something similar: what we call a *sponsored session*. Gamers get to choose to pay for a premium game session or item—typically priced from \$0.25 up to \$1.50—or to have an advertiser pay on their behalf in return for viewing or engaging in a 30-second video ad or interactive creative. Once the targeted and relevant advertisement is delivered, the user receives

free, unlimited access to that game session or item. Our research shows that 99% of the time consumers will choose the ad-sponsored game play and items. The results for both advertiser and gamer have been overwhelmingly positive by every standard measure, including average click-through rates of 12% compared to the industry standard of less than one-half of one percent.

For example, for much of 2008 Sprint sponsored an entire channel of games across the WildTangent game service. Every game in the channel was available to be played for free, compliments of Sprint, via sponsored sessions. The creative included 30-second Sprint spots and branded mini-games. Even though the gamers were free to play their selected game after 30 seconds, the average time spent on the creative was nearly 60 seconds. According to a Dynamic Logic study, the campaign scored in the 90th

percentile of all online ad campaigns run by all wireless advertisers, with big jumps in brand awareness and favorability.

Play Fair or Lose

Today's consumers are educated consumers; they know that their time is worth money to advertisers. Marketers and media outlets that understand this relationship are turning advertising into a type of payment, thus minimizing the difficulty of getting online consumers to pay for digital content with a credit card. Those who accept the notion of value exchange and make it an explicit opportunity for engaging their target consumers will thrive in this rapidly shifting media landscape. Those who don't will see their audiences dwindle and the value of their media companies erode. ■

Consumers will gladly submit to marketing messages if they receive in return a song, a TV show, or a game that they would otherwise have had to pay for.

Today's consumers know that their time is worth money to advertisers. Marketers and media outlets that understand this relationship are turning advertising into a type of payment, thus minimizing the difficulty of getting online consumers to pay for digital content with a credit card.

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Make Games Free—and Still Make Money

How to Avoid the Video Game Dead Pool

by Josh Fiedler



Josh Fiedler is the Business Development Manager at www.W3i.com, increases revenue, distribution, and engagement for Windows applications and plug-ins. His expertise is in increasing revenue, traffic, and engagement for downloadable games and utility software. You can reach him at josh.fiedler@casualconnect.org.

As the economy continues to slide, consumers are holding on to their money more tightly than ever. They want the entertainment value of online games but are reluctant to pay for it. This has put a tremendous strain on game publishers, who in the recent past have been compelled to explore ad-supported business models that offer games for free. This has helped minimize the risk of developing and marketing a game that ultimately ends up in the video game dead pool, but questions still remain whether meaningful money can be made.

The fact is, assuming that only around 2% of users convert to paying for a game following a free trial, then money is left on the table, because there are alternatives to the try-and-buy model for game marketing with which revenue can be earned from the other 98% of the traffic. These alternative business models for online games include: in-game ad model, ad-supported installer model, and the alternative-payment model.

In-game Advertising

Using computer and video games to deliver advertising is becoming an acceptable business model as big brands are testing it as a way to reach elusive markets. According to eMarketer, in-game advertising spending grew from \$295 million in 2007 to \$403 million in 2008—a growth rate of over 36%. By 2012, that figure should reach \$650 million. Meanwhile, IGA Worldwide¹ research shows that 82% of consumers feel the games are just as enjoyable with ads and 66% feel that the ads are not intrusive. Some of the top in-game advertising companies are:

- 1. Massive Incorporated
- 2. Double Fusion
- 3. JOGO Media
- 4. IGA Worldwide
- 5. NeoEdge Networks (casual games)

Although in-game advertising is growing, it can be difficult to execute and has a long payment cycle. For it to work, the creative must fit seamlessly with the game theme and not deter from gameplay. Additionally, users must spend considerable time playing the game for your ad revenue to build up.

According to eMarketer, in-game advertising spending grew from \$295 million in 2007 to \$403 million in 2008—a growth rate of over 36%. By 2012, that figure should reach \$650 million.

Ad-supported Installer Model

The W3i Download Network (WDN) is a new revenue stream worth considering. WDN is a network of companies with downloadable content—including downloadable games. A unique Windows installer, Install IQ (certified in the TRUSTe Trusted Download Program) is used during the installation process to offer the user a value-add of additional software—in categories like trialware, search, and e-commerce applications. WDN requires minimal in-house resources, and you can start earning quickly once Install IQ is in place and new users install your games. Since users see ads only during the installation of your game, they have no interruption during gameplay. Additionally, since all of the revenue activity happens during the installation, the actual gameplay itself is not affected. For each qualified installation, the W3i partner receives from \$.50 to \$1.50.

Jenkat Games launched its downloadable game player in March 2009. With its success, Jenkat ramped up distribution, increasing install volume by 2,991% from its launch of individual game titles in January 2007. Malcolm Michaels, President of Jenkat Media, Inc., predicts that the company's Jenkat Game Manager will grow to over 100,000 monthly installs by the end of 2009 fueled by W3i's monetization capabilities. In addition, each game-manager install represents the opportunity to market and install multiple games, leading to millions of additional installations.

Alternative Payment Model

Companies like TrialPay (www.trialpay.com) offer a third option: the alternative-payment model. With TrialPay, a user can purchase your game or virtual currency by completing one advertising offer, such as subscribing to Netflix,

After Jenkat Games launched its downloadable game player in March 2009, install volume increased by 2,991%.

buying jeans from Gap, or sending flowers from FTD. The advertiser pays for your game, which you then give to the user for free. Although the game is not technically “free” in this scenario inasmuch as the user must make another purchase in order to receive your game, it does represent another way to monetize those who might not otherwise pay to play your game.

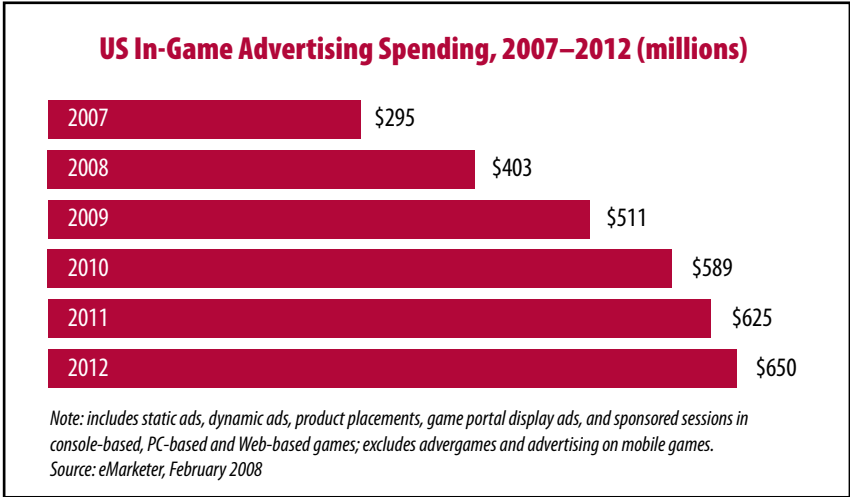
Playfish, one of the world's largest and fastest growing social games companies, uses TrialPay to increase virtual currency sales. For example, in the

weeks leading up to Valentine's Day, Playfish let users get free virtual currency by sending flowers from FTD—and significantly increased sales.

Conclusion

Use creativity in your marketing plan by reviewing alternative business models. Many business models can be combined to give your bottom line an additional lift. For example, W3i's Download Network can be layered onto other business models like trial and in-game advertising. Users respond to ads for “free” games. Why not put the power of free to work for your game while using an alternative revenue model to keep your company out of the dead pool? ■

¹ <http://www.mcvuk.com/features/275/In-game-ads-The-facts>



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Cisco Mind Share: A Case Study

Tips on Creating a Successful Learning Game

by Jerry Bush



Jerry Bush is a product manager for Cisco. The Cisco Mind Share game can be found at www.cisco.com/go/mindshare. Jerry can be reached at jerry.bush@casualconnect.org.

Game On! The Advent of the Learning Game

Cisco began developing learning games a few years ago and has had some exciting results, especially with *Cisco Binary Game*. The game has been accessed more than a half-million times by players in more than 125 countries. It is only one of a suite of games from the Learning Games Arcade (<https://cisco.hosted.jivesoftware.com/docs/DOC-2608>) found on the Cisco Learning Network (www.cisco.com/go/learnnetpace), a site dedicated to preparing students to become Cisco-certified.

Some people think the term "learning game" is an oxymoron. But what if the video game industry has figured out better ways to teach than many traditional educators? This is the premise of *What Video Games Have to Teach Us About Learning and Literacy* by Dr. James Gee of the University of Wisconsin. Did you know surgeons who played games like *Monkey Ball* three hours a week made about 37 percent fewer surgical errors and performed 27 percent faster than their counterparts who did not play video games (Associated Press: April 7, 2004, New York)?

A few years ago, Yahoo hired a new senior director of engineering operations. What gave him the edge over the other applicants? The leadership skills he had developed as one of the top guild masters in *World of Warcraft* (Wired, April 2006).

To be a *Guitar Hero*, you must master the principles of rhythm. You can learn to dance with *Dance, Dance Revolution*. *Sudoku* improves math skills, and *Bookworm* reinforces good spelling. You may be surprised to know that one of the first video games was developed more than 40 years ago by the military to teach aviation. Flight simulators continue to be among the most popular video games, but they are also used in military and commercial pilot training programs.

In a recent survey, players of *Cisco Binary Game* were asked if it helped them achieve a certification. Two-thirds of those certified stated it had either helped them to pass a certification exam or significantly helped them in their studies. Ninety-eight percent requested additional games for other topics. In a Cisco Networking Academy class, students were given a binary math test. Next, they played the game, followed by another math test. The students' average score on the test went from 3.5 correct to 25 correct.

Ready to Play? How to Start

The development of a learning game should be approached in much the same way as the development of a course, an e-learning curriculum, or other educational product. Cisco begins with an examination of the target audience. What are the demographics, learning goals, existing skills, knowledge, and resources? Cisco students are typically 18-to-30 years of age, technologically savvy, and preparing to take a Cisco certification

examination. From this analysis, Cisco can identify opportunities to teach a skill or topic using a learning game.

The Learning Game Development Tripod

Once a specific learning goal is identified, the next step is to assemble the development team. Cisco has identified three types of experts essential for creating an effective learning game:

1. Educational Specialists: teachers and educational developers
2. Subject Matter Experts: technical experts who thoroughly know the topic
3. Game Developers: software developers experienced in designing compelling games



The first two parts of the "tripod" are commonly found in educational development. Sometimes the educational expert and the subject matter expert are one and the same, particularly if the individual has taught the subject. The game developer is new to the equation but critically important to the success of a learning game. Without an experienced game developer, educators may make a game that teaches, but it probably won't be effective or much fun. Conversely, if the project is handed over to a game developer without the education specialist, the game could be fun but unable to achieve the desired learning goals.

Get in the Game! Matching the Game to the Topic

When creating a game, ask, "What skill do I want to teach? Will playing this game improve that skill?"

One of the biggest mistakes developers make is trying to use a game that does not match the topic or skill being taught. For years, classes have used the likes of Hangman, word searches, and

crossword puzzles for topics as diverse as history, math or physics.

In developing a skill such as cryptography, *Hangman* is a good match, because it teaches the frequency of letters. Word search is a great tool if your desired outcome is the ability to identify strings of letters. However, these games are not useful for teaching math or technical skills. If you are teaching arithmetic, a game that hones your ability to add or subtract is much more effective. To teach battlefield logic, chess is a good bet. Here are some examples of games and what they teach well:

- Word Search
Good for: study of the alphabet, letter patterns, reading diagonally
Poor for: personnel evaluation, history, 10-key applications
- *Hangman/ Wheel of Fortune*
Good for: spelling, phonics, cryptography
Poor for: geometry, negotiation, machining
- Quiz games: *Jeopardy/Who Wants to Be a Millionaire/Trivia Games*
Good for: vocabulary, facts, definitions, practice, review
Poor for: programming, typing, solving math equations

In *Cisco Binary Game*, players convert binary and decimal numbers. As they progress through the game, players start to recognize patterns and develop strategies in order to increase their score and stay in the game. These strategies are the same cognitive skills identified as the learning goals of the game. In Cisco's *Wireless Explorer*, winning the game requires you to place antennas in the optimal configuration within a virtual environment on an alien space station. This is the same skill required when setting up a wireless network in the real world.

Cisco Mind Share's Big Challenge: Varied Content

After a few years of developing successful single-topic learning games, Cisco took on a bigger challenge: tackling an entire curriculum. Moving away from single-topic games was quite daunting, and that is where the creative genius of the learning game tripod came in.

For *Cisco Mind Share*, Cisco invited some of its best instructors who also happened to be technical experts. That took care of the first two

legs of the tripod. For the game development expertise, Cisco recruited well-known professional game designers. The A-Team was complete.

Quiet: Genius at Work

In Cisco's approach to designing learning games, the most important aspect is the tripod. When the best people in those three areas of expertise are put in a room, magic happens. So far it has never failed.

First, the game developers had to become familiar with the curriculum. Cisco provided them with materials to study for a few weeks and then shut the team in a room for three days to allow the educators to teach the game developers. Next, the team took a few days to identify which learning goals would likely be most achievable in a learning game.

Finally, the game developers started mapping content to existing game designs. This activity proved to be the most difficult of the entire project. The team considered a *Sims*-type design that had players taking on different roles and activities. Another idea involved creating an arcade that would consist of a variety of games, each targeted to a specific skill or topic. In the end, a game developer came up with a unique design that addressed the wide variety of topics, yet used a common wrapper and game flow.

Cisco Mind Share's Design Considerations

When designing *Cisco Mind Share*, we realized that while many game elements lend themselves well to learning games, some do not. For example games are commonly structured in such a way as to only allow a select few to become champions. In a learning game, however, the goal is for everyone to become a champion. With that in mind, here are the principles employed in *Cisco Mind Share*:

Do not penalize the player for learning

- Points are never deducted from the score.
- Bonus points are awarded for speed and accuracy (an evidence of learning).
- Each round begins only after the player clicks a start button, allowing unlimited study.
- The game pauses when a player clicks hypertexted words to study the "info box."

Never allow a player to be faced with a loss or "stuck" condition

- Players are given unlimited time to solve a puzzle.

Cisco Mind Share: A Case Study

Tips on Creating a Successful Learning Game

- Players are given an unlimited number of attempts.
- Eventually, the players are able to advance.

Start simple, advance to complex

- The first activity in each round is a “no-brainer.”
- More complex elements are added slowly.
- Each round offers Easy, Medium and Hard modes.

Make success a mixture of learning the material and good gameplay

- Mastery of the curriculum is essential for biggest rewards.
- Game strategy is essential for biggest rewards.

Give players the right number of choices

- Start at the right level: Easy, Medium, or Hard.
- Rounds are played sequentially since knowledge builds in each round.

- Players can replay a round anytime to improve their scores.
- Show multiple puzzles and allow players to choose which to solve first.

Provide incentives for replay

- Players can replay a round at a higher level for more chances to improve their scores.
- Keep track of the best scores via online leader boards or other means.
- Reward learning.

Ensure that success comes quickly while mastery takes a little longer

- Allow beginners to solve all puzzles with hints and wild cards.
- Have all learning available onscreen or in pop-up windows.
- Reward speed and accuracy, a result of study and practice.

Thanks for Playing Our Game!

Learning games may be a great solution to the rapidly growing need for more effective ways to teach—particularly online. Games have tremendous potential for teaching, training, and improving human performance in a highly effective manner—and we’re only just now scratching the surface. Keep in mind the following:

- Start with a learning goal: What do you want learners to be able to do?
- Use the learning game tripod: Be sure to use *experienced* game developers.
- Match the game to the skill: Winning requires the achievement of learning goals.
- Use good game elements: Most important are those that promote learning.

Games can be serious business. Have fun! ■

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Using Gameplay Science to Change Lives

The Emerging Field of Casual Games for Health

by Melanie M. Lazarus, MPH



Melanie M. Lazarus, MPH is the Director of Marketing for Archimage and its online subsidiary Playnormous, where she is responsible for client relations, business development, and all marketing initiatives. Melanie has served as a producer and project director for several serious game projects including ones with Baylor College of Medicine, Rice University, and USDA. She is also author and editor of the company's two blogs, healthGAMERS and Monster's Blog. Before joining the Archimage team, Melanie was the production coordinator for the Accolade Award-winning science education multimedia program HEADS UP at the Michael & Susan Dell Center for Advancement of Healthy Living. Melanie holds a Master of Public Health in Health Promotion and Behavioral Science from The University of Texas Health Science Center at Houston and graduated a Lewis Scholar from The University of Texas at Austin with a Bachelor of Science in Microbiology. You can reach her at melanie.lazarus@casualconnect.org.

Almost ten years ago, Archimage—a small design firm in Houston, Texas—took a giant leap. It went from creating traditional media to creating games with a bigger mission in mind: changing the health of the public. Although Archimage had built its media business on crafting animations for clients like Nintendo and Knowledge Adventure, in 1992 it began building research tools for behavioral scientists at Baylor College of Medicine, The University of Texas Health Science Center, and National Institutes of Health. But let's be clear: These "research tools" weren't just databases and cheesy scientific multimedia. They were games—casual games to be specific—designed for audiences like the Boy Scouts of America and moms with a high risk of cancer. Then in 2003, Archimage received a \$9 million National Institutes of Health grant to create two epic PC adventure games to promote healthy eating and exercise: *Escape from Diab* and *Nanoswarm: Invasion From Inner Space*. And we've never looked back. In fact, we have taken what we've learned these last few years and built a subsidiary company, Playnormous, that is dedicated solely to delivering casual games for health to the public at large.

The Science of Fun

The scientific basis behind using online games for health lies within several behavioral theories. You may not know the names, but you'll probably recognize them as the basic components of successful casual game architecture. The Elaboration Likelihood Model tells us that to change people's behavior you have to get and maintain their attention (an absolute necessity for a casual game). Bandura's Social Cognitive Theory tells us that enhancing people's skills and confidence can help them change their behaviors as well. (A game that includes multiple levels of increasing difficulty is a perfect example of SCT put into practice.) According to Self-Determination Theory, people need to be challenged and given adequate feedback to change their behavior. (And what would a casual game be without points, colorful graphics, and sounds to give the player both positive and negative feedback during play?)

For any casual game developer, the ultimate gameplay goal is for players to be so immersed in the game that they lose all sense of time and space. They leave the world outside and engross themselves in captivating, magical gameplay. From a scientific perspective, this is called achieving Flow, a term coined by Dr. Mihaly Csikszentmihalyi's work on Flow Theory. It's this element of Flow that makes games such a great candidate for changing health behavior. Time flies when you're having fun, and playing games is fun.

It's easy to achieve a feeling of Flow if you use a compelling character like Flo from *Diner Dash* or a familiar addictive game mechanic like *Solitaire*. It's a much bigger challenge, however, to take relatively unexciting content and make it into something people want to play. When designing games to promote healthy living, there is a delicate balance between health and fun that must be constantly re-evaluated throughout the entire development process. Make it too fun and you've lost your purpose. Make it too clinical and you've lost your audience.

Bringing Health Games to Market

In 2006, Archimage Vice President Jerald Reichstein decided it was time to take effective health games off of the research shelves and distribute them to the public in a fun way. Later that year, we introduced our first Playnormous game: a tile game called *Food Fury* that teaches elementary-aged children the "Go, Slow, Whoa" method of food selection. *Food Fury* was created for Dr. Cynthia Phelps at The University of Texas Health Science Center as part of her research funded by the Aetna Foundation. Soon after came Archimage-funded games including *Bubble Trouble*, *Lunch Crunch*, *Brain Gain*, and *Juice Jumble*.

Playnormous has grown into a full-blown online community in which kids, their parents, and teachers can learn about nutrition and physical activity in a fun and interactive way.



Now, Playnormous has grown into a full-blown online community in which kids, their parents, and teachers can learn about nutrition and physical activity in a fun and interactive way. This monster-themed world weaves health content into a variety of casual games and quality animations, in effect bringing visitors the best of both worlds: research-based, expert content and fun, award-winning gameplay.

Lunch Crunch

To fully describe the challenges one must face in the health games design business, it is best to illustrate by example. Let's take as a case study the most popular Playnormous game to-date: *Lunch Crunch*. Researchers at the Children's Nutrition Research Center of Baylor College of Medicine

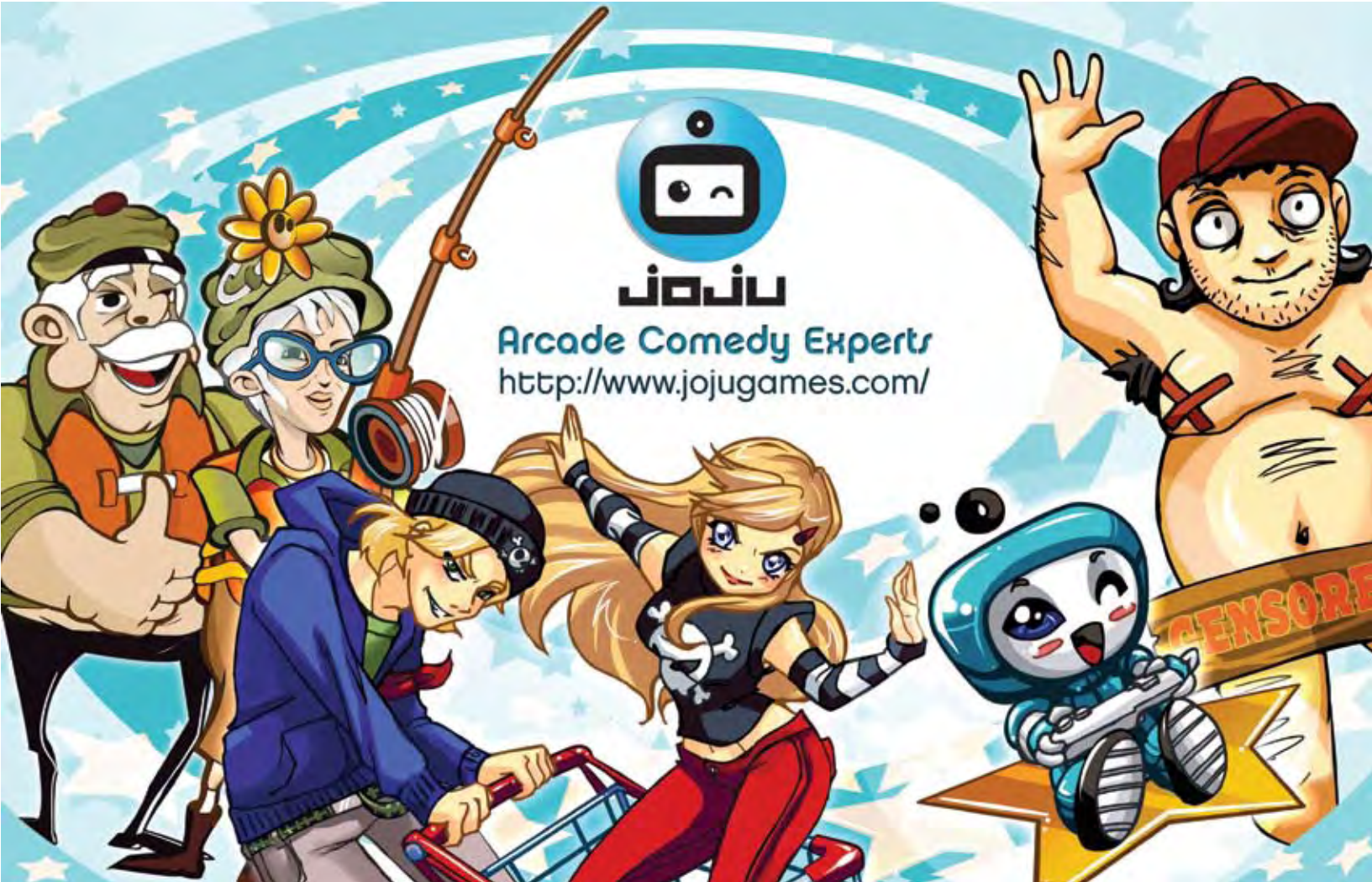


Far left: *Lunch Crunch*—players must put together a healthy meal before they reach the mad Monster Lunch Lady. Left: *Breakfast Blunder* was created for the USDA/ARS project *Squire's Quest! 2*. The mechanic of *Lunch Crunch* was used to create this game in a cost effective manner.

conducted several studies to determine foods that children often mistake as fruit and vegetables. For example, a fruit roll-up may taste like fruit, but it is mostly made of sugar. Likewise, zucchini bread may contain some zucchini pieces, but a slice does not contain enough zucchini to count as a serving of vegetables for the day. We wanted to develop a game to help kids make this distinction. We also wanted kids to discover how easy it can be to add fruit and vegetables to a meal. To be effective, the game needed an experiential element, something that could be played and then applied in the real world. Clearly, it would be easy to make this kind of game boring and didactic or really complex and confusing. To avoid this, we took a lot of time to map out the style, controls, conditions, and win/lose propositions.

We chose a lunch theme—something that every school child could relate to. In a cafeteria environment, children walk through a school lunch line, grab the plates of food they want, and drop them onto their trays. Thinking about real-world circumstances made it easier to develop a familiar and fun mechanic for this game: drag-and-drop. *Lunch Crunch* became a sorting game in which you drag tiles from above to lunch trays sliding down a line below. Your task is to fill lunch trays with two fruits and vegetables before you reach the Monster Lunch Lady. Complete enough lunch trays correctly and you advance to the next level.

The trickiest part of developing *Lunch Crunch* was making it challenging but not too challenging. We suspected that many players would initially struggle with the health knowledge presented in the game. We decided to color code the tiles in the first few levels to help players learn which foods



Using Gameplay Science to Change Lives

The Emerging Field of Casual Games for Health



The Playnormous website (www.playnormous.com) uses the fun of games and virtual worlds to teach about health in an innovative way. The site contains no ads or sign-up fees so the entire public has access to the games, animations, and teacher guides. Future features include a customizable monster avatar, tokens for playing health games, and the ability to build a personal monster world.

count as fruit and vegetables. The tiles become a neutral color in higher levels, forcing you to focus on the actual foods you are choosing. We also realized that many players would master the game mechanic rather quickly and would soon find the game repetitious. As a consequence, we added the hungry Monster Refrigerator which allows highly-skilled players to put non-fruit and vegetables “back in the fridge” for extra points while they continue to load fruit and vegetables

onto the trays. We also added power-ups for additional strategy-based play. You can try out the game yourself at www.playnormous.com.

Coming Full Circle

One of the many benefits of using the casual game format to create health games is that it is relatively easy to re-skin a casual game. With the proven success of *Lunch Crunch*, Archimage was able to take this existing concept and game mechanic to further the research efforts of its clients. Archimage was commissioned to design a massive online behavioral intervention for Dr. Debbe Thompson of the USDA/ARS called *Squire's Quest! 2 (SQ!2)*. This medieval-themed adventure

program, designed to increase fruit, vegetable, and juice consumption in elementary school children, required the creation of animated stories, interactive environments, and several mini knowledge games. To make Dr. Thompson's research dollars stretch further, the Archimage team was able to take *Lunch Crunch* and re-skin it to create *Breakfast Blunder* as one of the ten *SQ!2* mini knowledge games (that is, casual games for health). In *Breakfast Blunder*, you must load breakfast-themed fruit and vegetables into sacks that already contain a basic breakfast meal. Art assets like the Monster Lunch Lady and Monster Fridge were swapped for a cauldron and a villainous snake from the *SQ!2* storyline. Through casual games for health, our company has been able to introduce the medical community to a new way of changing behaviors in children through fun, research-based gameplay.

Development Through Science-Colored Glasses

Unlike everyone else on the Archimage and Playnormous teams, my background is in health and science—specifically microbiology and public health—which gives me a unique perspective on the health game development process. I come from the dark side, so to speak. I was actually first introduced to Playnormous when I was still a graduate student. A colleague sent me *Food Fury* to critique, and I absolutely fell in love with the game—the addictive gameplay, cute monster characters, and genuinely helpful health messages. Less than a year later, I joined the Archimage and Playnormous team as their Director of Marketing. After having worked on both the research side and the development side, here's my personal take on the health games field.

Not everyone can make a casual game for health. Creating a health game requires a developer to successfully merge the fields of behavioral science and design while also fusing two polar opposite teams of people: the right-brained designers and the left-brained researchers. Achieving harmony between people with dramatically different goals takes time, effort, and a certain amount of finesse. Even with a decade of experience working with researchers, we still learn something new with every project.

If you are interested in developing Games for Health, here is the biggest piece of advice I can give you: Remember Game Development 101:

- Put fun first. Don't kid yourself into thinking you can trick a player into playing a health game. Players are smart, and they know when a health message is being pushed. If it's not fun and too didactic, they will play something else. Don't just teach or preach; entertain and immerse.
- Don't forget about the basic tenets of good gameplay. Challenge the player. Design your game so that it can be played and enjoyed again and again. Make the game something to remember.
- Never forget that the ultimate goal of a health game is to deliver health content and ultimately change the health and life of the player. No matter how “sticky” your game may be, if the content is not delivered in a way that successfully connects gameplay with the expert content, you've lost the game. ■



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Learning by Playing

How Games Are Becoming Essential Teaching Tools

by Michael Sorrenti



Michael Sorrenti is the President of Game Pill Inc., an interactive studio that specializes in online game development and interactive marketing. Before starting Game Pill Inc., Michael worked for Warner Bros and Paramount home video in marketing roles. Michael has mainly worked bringing the properties of Fortune 500 companies to life and currently is in the process of creating his own properties for licensing through Game Pill Inc. Michael can be reached at michael.sorrenti@casualconnect.org.

Games are typically seen as entertainment. But as anyone who has played a game of any difficulty can tell you, in order to truly enjoy a game, you must first learn how to play it. You must learn the rules, master certain skills, develop strategies, and make a lot of mistakes. But as defeat becomes victory and you advance from level to level, you become increasingly proficient, learning first to wield your sword, for example, so that you can later slay the dragon, which in turn prepares you to beat the endgame boss. The early stages of the game thus prepare you for the later stages.

It's not surprising, then, that games have made their way into schools and corporations, employed by marketers, recruiters, teachers, and trainers to help us learn what they want us to know.

Games as Branding Tools

Companies are learning that games can be used to teach consumers about their brands and product offerings. A case in point is Jeep, which developed a 4x4 game called *Trail of Life* (www.jeep.com/jeep_life/tombraider/index.htm) to immerse users in the off-road driving experience. The user feels the physics of the Jeep, learns the different controls and features and off-road capabilities—all without sitting in the actual product. The game provides more information—and a lot more fun—than a brochure ever could.

Marketers might achieve something similar by integrating their product into the gameplay of an otherwise unrelated title. Let's say a game requires a character to use a PDA as a communication device. In order to master the game, a user would likewise have to master the PDA. Adding such items to a game allows the user to interact with the virtual device perhaps even before realizing that there is a physical counterpart. This reduces the learning curve while building brand recognition and familiarity.

A game can also teach users about product features they might not learn in any other way. For example, in its most basic form a Webkinz is merely a plush animal. But at www.webkinz.com, that toy comes to life in an online world where it takes on a complete personality, moving, thinking, communicating, and eating—even conversing with its owner. The value added is immense and would be very difficult to convey without such a learning tool.

Games as Recruiting Tools

Games are sometimes used to test prospective employees and determine who is best suited for a job. Such testing allows recruiters to narrow the applicant pool while providing quantitative measures of each prospect's suitability for a job. Depending on the profession, a game can even go so far as to test each candidate's response to a variety of on-the-job scenarios.

Perhaps the greatest example of online recruiting thus far is *America's Army* (www.americasarmy.com), the online game used to recruit potential candidates for enrollment in the U.S. army. On the one hand, the game allows users to enlist, choose a specialty, and test skills that would be required of a professional soldier. At the same time, *America's Army* allows the Army to gather useful information on that specific person's abilities. It also enables recruiters to contact players to offer them additional information and engage them in a conversation about joining up.

Using games as predictors of success in the workplace promises great benefit to employees and employers alike, as it allows both to find the right match. In fact, it isn't hard to imagine a scenario in which prospective employees are required to play a game as part of the interview process, with only the top performers chosen to proceed to the next level of interviews.

Games as Educational Tools

To take advantage of the broad popularity of video games, educators are developing interactive games that teach kids in ways that no textbook ever could. What better way to teach kids math than to allow them to play a game that rewards them for accurate answers? The great thing about using a game to strengthen academics is that learning can become more immersive than it may have been in the past, engaging an array of senses for a more comprehensive learning experience. Plus it's more fun. Building your vocabulary with a crossword puzzle is more interesting than just memorizing a list of words.

Typing tutorials were among the first to take advantage of the fun factor to engage and teach. It's one thing to learn to type *The quick brown fox jumps over the lazy dog*. But it's more fun to do it as a race against the clock—more fun still when each correct keystroke fires a missile at invading space marauders. Besides, the interactive nature of the experience makes the teaching more effective.

Games as Training Tools

The great thing about games is that they can closely resemble reality. Flight simulators were developed to help pilots hone their skills and learn to respond to emergencies

without placing people or equipment at any actual risk. Such simulators were actually among the first "video games."

Now the emergence of faster and less expensive development models allows more and more companies to take advantage of games to train their personnel. Games can be used to teach users how to drive vehicles, how to operate machinery, and how to manage employees. They can be used to reinforce policies and procedures, to teach team-building and collaboration techniques, and to help employees get up to speed on new software. Employees can complete such training at their convenience no matter where they are in the world—and they're more likely to do so because, well, it's fun.

Games as Work Tools

The next frontier in gaming as learning will be games as work. Imagine you are a city planner and you need to lay out roads and buildings and plan master communities. Right now such things are accomplished primarily with plans and studies and uninteresting software. Now imagine taking that software and making it into a game in which the planner can configure buildings, streets, schools, stores and vehicles and run a simulation to see firsthand how effective those plans are.

Similarly, any time an employer uses competition among employees to make difficult work more engaging, there is a game at the heart of it. For example, imagine that you are a phone kiosk worker. Your job is to sell phones to consumers. Let's say you are tied to a network of thousands of kiosk workers and you are competing against your peers to do the best job possible. You log in everyday, and you are shown a screen that gives you your sales standings, your customer satisfaction rating, and your possibility for promotion meter. On this particular day, your screen displays the newest handset and announces an incentive for the rep who promotes the new product and sends the potential consumer an email about it with a coupon code. Now, work is a game fueled by competition and rewards. And now work is fun.

Conclusion

So what have we learned? We've learned that games help us all learn better, teach better, and work better. And we've learned that if this article had instead been turned into a game, you probably would have enjoyed it more and gotten more out of it. ■

Game
+ Fun
Learning



Wanna Bet?

Taking the Risk Out of Publishing Prize-based, Online Skill Games in the United States

by Anthony Cabot



Anthony N. Cabot is the chair of the gaming law practice at Lewis & Roca with offices in Las Vegas, Phoenix, Tucson and Albuquerque. He has practiced in the field of gaming law for 25 years. He is a

past president of the International Masters of Gaming Law, past president of the Nevada Gaming Attorneys Association and past general counsel to the International Association of Gaming Attorneys. He is a prolific author on gambling law. Anthony is the founding editor of *The Internet Gambling Report X* (2007). He is recognized in *Best Lawyers In America*, for both *Information Technology and Gaming Law* and in *Chambers USA*, as a “Leading Lawyer for Business” for *Gaming Regulation*. *Chambers Global, Gaming 2008* recently noted that “One of the dozens of the field, recognized worldwide, is Anthony Cabot. . . . Peers tell us that Cabot is ‘widely regarded as the most reputable gaming attorney in the US and has practically written the entire library of the subject.’” Anthony can be reached at anthony.cabot@casualconnect.org.

We’ve said it before and we’ll continue to say it: Whenever we share someone’s legal opinion—as we’re happy to do here—it’s always a good idea to seek the counsel of your own lawyer before taking action. Don’t make us say, “We told you so.” Because we will. Trust me on this. —ed

Once, the quest to get your initials on the High Scorers List was all the incentive you needed to play a game over and over until you got good at it. Or maybe it was just the only incentive available. Now that several Internet sites provide opportunities for you to risk money on your own skills to win cash or other prizes, a large segment of the gameplaying population is interested in much more than simply seeing their three-letter acronym on the leader board. Playing for money has become increasingly common, in fantasy sports and casual games in particular. Success in those sectors has led other sectors to enter the play-for-pay arena as well, including the full array of popular console games: first-person shooters, role-playing, strategy, fighting, and sports simulation games.

As younger generations begin to earn a little disposable income, you can’t help but wonder whether they will prefer to risk money on the outcome of these skill games or will gravitate, like their parents, toward less interactive games of chance like slot machines. Even if the market for skill games only reaches 20% of the slot machine market, we could be looking at a \$7-to-\$10 billion annual industry in the U.S. alone.

The growing popularity of skill gaming will likely bring greater legal curiosity if not scrutiny. For example, a recent conference of the North American Gaming Regulators Association featured a session on the legality of skill games. This growing governmental interest in understanding the popularity of skill games may lead to policy and regulatory responses. Accordingly, individual industry members need to understand the legal parameters of their activities and the corresponding compliance requirements. Moreover, the industry as a whole should consider a government education and public relations campaign to address inquiries and promote the industry.

Games of Chance vs. Games of Skill

A good starting place is to understand the legality of prize gaming. Laws governing skill games developed separate from gambling laws. They were initially designed to govern carnival games and coin-operated prize redemption games in arcades. In some states, separate laws regulated a variety of sporting contests like fishing and bowling tournaments.

Generally, wagering on the outcome of skill games was treated differently from chance games because they were deemed to have social merit. As early as medieval times, wagering on horse racing was seen as a method to motivate the training of horse soldiers and the improvement of horse breeding. Likewise, skill contests provide motivation to excel at particular activities deemed to have societal benefits—spelling bees or science competitions in which you pay an entry fee to compete for scholarships further academics; athletic competitions which promote physical prowess.

To accommodate the variety of traditional skill games, a common law definition of gambling in the United States arose that prohibited only those activities in which a person pays consideration (usually cash) for the opportunity to win a prize in a game of chance. The law excluded or exempted from criminal prohibitions the paying of consideration for the opportunity to win prizes in skill contests—activities in which the result depended on personal abilities such as quickness or acuteness of sense perceptions; intellect, accrued knowledge, keenness of discernment or penetration with soundness of judgment; shrewdness; or the ability to see what is relevant and significant. But most games and contests have some element of chance—even chess, in which the draw determines who moves first. Therefore, most governments set rules regarding the legality of games in which the outcome could be influenced by both the skill of the participants and chance outside of their control—called games of mixed chance and skill.

How to Judge

State governments are primarily responsible for setting gambling policy in the United States. Consequently, those who run Internet gaming sites must understand the laws of all 50 states (assuming that they hope to accept contestants from all 50). To complicate matters, various states have

developed tests for differentiating legal skill games from illegal chance games. Most states follow the *predominance test*. Simply: Games of pure chance like bingo, slot machines, and the like are illegal if they provide cash prizes unless specifically exempted. (A charitable drawing, a state lottery, or the licensed casinos in Las Vegas would be good examples of specifically exempted games of chance.) Games of pure skill are legal in virtually all states. In games of mixed chance and skill, most gambling prohibitions only reach to those activities in which chance is the predominant factor. In other words, the presence of chance becomes significant only where it plays a greater role in the outcome than skill. Some games—like chess, for instance—are clearly skill-based, while others—like craps—are clearly chance-based. Games which feature a combination of chance and skill tend to be problematic, however. One court found *Backgammon* to be a game of skill while another called it a game of chance.

Once you decide to offer skill games in which contestants can risk money to win cash or other prizes, your goal should be to take precautions to avoid controversy and legal scrutiny altogether.

Unfortunately, the predominance test is not the only test used in the United States. In about nine states, courts examine the element of chance by determining whether chance is a material element affecting the outcome of a particular game. Such a test recognizes that although skill may primarily influence the outcome of a game, a state may prohibit wagering on the game if chance has more than an incidental effect on the game. This test is more subjective. The court determines the level of chance in a particular game and makes a judgment as to when that chance becomes material to the outcome.

A few other states analyze the role chance plays in a game by determining whether a particular game contains any chance that affects the outcome of the game. As virtually every game has some element of chance, most skill games may not survive scrutiny in these states.

Simply knowing the test used in each state is insufficient. You also need to understand the concept of chance to properly apply the tests. The idea of random events as an indicator of chance is easy to understand. You can look at various games and see the chance element: in *Scrabble*, it is the random selection of tiles; in poker, it is the shuffle and deal of the cards. This is *systemic chance*, or in other words, a randomizer that is an integrated part of gameplay.

Yet, other forms of chance can affect outcome. Take, for example, the game of rock, paper and scissors. The game does not have systemic chance, but at the same time it is not a game of pure skill because you do not know what your opponent will play. Likewise, in duplicate bridge, you do not know what cards are in your opponents’ hands. This phenomenon is called *incomplete information*, where skill is not the sole determinant but is influenced by not having



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Wanna Bet?

Taking the Risk Out of Publishing Prize-based, Online Skill Games in the United States

complete information of all factors that can affect the game result. In contrast, *perfect information* is a state of complete knowledge about the rules of the game, factors that can affect outcome, and information about the actions of other contestants that is instantaneously updated to allow a skilled response. Except for deciding who goes first, checkers is an example of a game of a perfect information since competitors know all of the game pieces, their placement on the board, and their subsequent location after every move.

Still, other forms of chance may exist. Specifically, this may occur in a game designed to negate skill either by making the game too hard for all participants or so easy that every participant can always display perfect skill. For example, imagine administering a multiple choice test on quantum physics to ordinary eight-year-olds. Would the test results be based on skill or chance? Likely, most third-graders would simply be guessing at the correct answer.

Making the Case

Knowing how to assess a game’s skill and chance requirements only provides the courts with the rules to decide cases involving prize games. Courts also need to apply these rules to the particularities of each game. The actual court determination of whether a particular game is a game of chance or a game of skill is a question of fact, not of law. Effectively, this means that each side—the prosecutor and the defendant—must introduce evidence of the chance and skill elements of the game and try to convince the jury or judge that the game has met the requisite legal standards of one or the other.

Proof that a game is skill-based can come from many sources—including expert witnesses and publications discussing and analyzing skill—but perhaps most compelling is mathematical evidence. Statistical trials may show that over time, skilled contestants consistently prevail over non-skilled contestants. But does that really prove that a game is a game of skill? The *law of large numbers* is one of several theorems expressing the idea that as the number of trials of a process increases; the percentage difference between the expected and actual values goes to zero. So, you have a game that is 99% luck and 1% skill. If one contestant possesses that skill and the other does not, then in a small number of games, you are unlikely to see a decided advantage by the

skilled contestant. If you run thousands of games, however, the skilled contestant is undoubtedly going to prevail. These results only prove that skill is *an* element. You still need evidence that, in any given game, the skill levels meet the test for the type of game being presented.

Besides the standard review of whether the game or contest is skill-based, other state laws may affect legality. For example, in some states, wagering on games using balls, cards, or dice may be unlawful regardless of the skill levels. In other states, wagering on specific games, like darts or billiards, may be prohibited even though they would likely be considered skill-based regardless of the legal standard used. In still other states, the nature of the competition may affect its legality. For example, set entry fee tournaments with unlimited entries and fixed prizes may be legal, but a contest in which entrance fees make up the prize may be unlawful. In simpler terms, a skill contest in which the promoter offers an automobile that is certain to be awarded may be legal, but a contest in which the promoter takes a percentage of each entry fee and distributes the remainder to the winners may not.

Staying Out of Court

Understanding how a court determines the legality of a skill game is essential, but it’s knowledge you would always prefer not to have to apply in court. Once you decide to offer skill games in which contestants can risk money to win cash or other prizes, your goal should be to take precautions to avoid controversy and legal scrutiny altogether.

The first step in this preparation is to review each proposed game and method of play to determine if the game requires sufficient skill levels. Some key questions that should be asked are:

- Does the game have defined rules without predetermined odds of success?
- Does a person possessing specific, requisite skills have a consistent and decided advantage over non-skilled competitors?
- Does the format of the games allow the skilled competitor to exercise these traits?
- Is the competitor’s skill the determining factor in the outcome of the game? Or does success also depend significantly upon fortunate circumstances in receiving an easier game or draw?

- Does every stage of the game require the requisite skill levels—including tie-breakers?
- Has the designer removed as many random events in the game as possible?
- Can the company develop sufficient evidence to support that the game meets the requisite skill levels under the tests described above?

After deciding that the game may be defensible, the next step is to conduct a 50-state review. This review will look at the type of game and the method of play, including entry fees and prizing. Legal counsel will review the case law, statutes, attorney general opinions, and other available legal materials for each state individually. These materials will be analyzed in light of the type of game and method of play. Legal counsel will then categorize the risk associated with offering the game or contest to persons physically located in each state. Ultimately, the company must look at the results of this survey and decide those states from which the site will accept contestants and those it will not.

Unfortunately, a site cannot simply post notice that persons from certain states are ineligible. If a site knows or should know that a contestant is from a prohibited state, the site can be criminally liable even with a general disclaimer. Instead, the site must undertake a compliance program designed to affirmatively prevent persons from prohibited states from wagering on the site. No specific procedures are mandated, but sites have implemented several measures to meet the legal requirements. The registration process is only the first source of information regarding the physical location of a prospective contestant. This information is subject to verification through the use of geo-blocking software, address verification services, and credit verification services. Some sites also require proof of government identification before issuing prizes.

Whatever the methodology, the goal is to create a system to identify and exclude prohibited persons. This system needs to be audited and tested for exceptions. If a person from a prohibited state gains access, the company’s compliance program must have procedures for immediately implementing remedial procedures. In addition, the company’s commitment to compliance should be reflected in written policies and employee training. ■



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Avoiding Legal Pitfalls in Casual Games

Top 10 No-Nonsense Tips

by Andreas Lober



Dr. Andreas Lober studied law in Tübingen, Germany, and Aix-en-Provence, France. He is a lawyer qualified in Germany and holds a French “*maîtrise en droit*—mention *droit international*” from the University of Aix en Provence as well as a doctor's degree from Tübingen University. He was admitted to the bar in 2001, joined SchulteRiesenkampff in 2003 and became a partner of the firm in 2006. His book *Virtuelle Welten werden real* was published by Telepolis in 2007. Andreas is a frequent speaker on topics of interest for the gaming industry in Germany as well as internationally. A gaming enthusiast since the early days of home computers, Andreas has done work in the gaming space since 1991. Today, Andreas is counsel to some of the leading developers and publishers of computer games and virtual worlds. He is especially known for his expertise with respect to online gaming. Andreas can be reached at: andreas.lober@casualconnect.org. His blog is at www.gamelawblog.de.

This is excellent legal advice, but don't take our word for it. We always recommend that you seek the advice of your own legal counsel in such matters. —ed.

When making games, your first and foremost objective must be to provide a good user experience. Nevertheless, while you're creating all of that fun there are a few important legal issues you should keep in mind as well.

Game Design and Production

1. Rights Clearance (Online and Offline)

Whether you are developing, publishing, or distributing a game, you need to ensure that you do not violate any third party rights. Obvious as this may seem, you would be amazed to know how many disputes arise out of a failure to obtain such rights. Even “mature” companies fall afoul of this sometimes.

One common problem for start-ups is having poorly drafted contracts—or no contract whatsoever. A publisher must take care not to violate any third-party rights in relation to the game design, title, and trademark, and pay particular attention to whether the developers use open source software in accordance with the terms of the license. If GPL software is included in the game, for example, the GPL license requires a copyright notice and stipulates that the source code be made available to the public.

The incorporation of music is another cause for concern. Because it can significantly enhance the game-playing experience, music has long been an important feature of games. What's relatively new, however, is the inclusion of popular music in games (think *SingStar* and *Guitar Hero*). To include music in your game, you must first seek permission from the parties involved, including recording labels, publishers, and appropriate copyright collecting agency. But be warned: Licenses for use are notoriously hard to obtain. Even when you use music composed specifically for your game, if the artist is a member of a performance rights organization, you will need to pay fees to that organization. The artist does not have the option of waiving this obligation.

2. User-Generated Content (Online)

Most online games offer user interaction. However users break laws—both advertently and inadvertently. Some common violations include: offensive posts in chat rooms, Nazi user names, use of copyright-protected material in discussion forums, and avatars which infringe celebrities' personality rights.

As a general principle, in most Western jurisdictions you must act quickly once you have actual knowledge of an infringement. Since you will be deemed to have actual knowledge once one of your moderators has seen the infringing content—whether or not at the time he realized it was of an illegal nature—it may be tempting not to monitor content continuously. If you adopt this approach, however, you still need to be able to delete infringing content once you find it, and to prevent the same kind of infringement from occurring in the future.

Be sure also to consult a local lawyer, as laws may differ according to jurisdiction. For example, in the U.S. the Digital Millennium Copyright Act (DMCA) offers a safe harbor once you comply with certain measures, but there is no direct equivalent in Europe. While E.U. law attempts to offer a safe harbor to access providers, national courts tend to find ways to make game operators liable for infringing content which is uploaded by users. There is no need to despair, but you must decide

If you are entering into an exclusive contract, ensure you have the right to terminate the agreement if the partner fails to deliver what it promised. Otherwise you may find yourself locked into a long-term contract which prevents you from exploiting an important market.

at an early stage how you will address this issue since technical solutions and legal requirements invariably go hand in hand.

3. Gambling (Mostly Online)

In most countries except China, games do not generally require government permits *per se*. Gambling, however, is another matter. If users must pay a fee for the possibility of winning an item of value in a game of luck, most Western countries will require that a government permit be procured. But beware: Some countries do not recognize permits issued by other countries. If you're operating in Europe, you might argue that this policy contravenes E.U. law; but you will need strong nerves if you wish to test your interpretation in court!

4. Banking (Online)

Virtual currencies are an efficient way to monetize your games, but if you choose to offer virtual currency you must check whether or not you will then be required to obtain a banking license. (For more information, see “Making Money with Virtual Money” in the Winter 2009 edition of *Casual Connect*.)

5. Youth Protection (Online and Offline)

If you are targeting children with an online service in the U.S., you must comply with the Children Online Privacy Protection Act (COPPA). This law requires that when you collect or use personal information of users under the age of 13, you must first obtain parental consent. The law also applies any time personal information is *disclosed*—and it seems they will almost always find a way to disclose personal information, even if you do not want them to! The Federal Trade Commission has already fined companies up to one million dollars for not adhering to COPPA.

In Europe, concern is focused mainly on media content, rather than on children's privacy. For example, since Germany has very strict legislation pertaining to war and violence in computer games, it is almost impossible to market or operate online games which are considered only suitable for users aged 18 or over. The physical distribution of

such games is also difficult—especially via online retail—inasmuch as age verification is required

Data Protection and Technology

6. Privacy Policy (Online)

Whether in the E.U. or the U.S., you must have a privacy policy when operating an online game. This policy should be realistic. A common mistake is to include too many undertakings in the privacy policy. For example, when you say that you “never” share private information (perhaps because your marketing department says this looks nice on the website), you may end up regretting it. You might be obliged by court order to disclose private information, for example. Or what if you want to use an external company to send out a newsletter as bulk mail? How should they do this if you do not have the right to give them the user data? Privacy laws are strict enough, so do not publicly limit yourself to more than is required. Rather, always strive to do better than what you actually say in your privacy policy. Users who see that you do not respect your own privacy policy are likely to complain—but almost no one complains just because he does not like the privacy policy.

Another common mistake is that in the first version of your privacy policy, you limit yourself too much. Changing it later to make it more liberal, however, might expose you to very bad press, as both Facebook and its German competitor studiVZ had to learn the hard way. And always remember: Your privacy policy will not induce users to take part in your game, but discontented users will not hesitate to refer to it and hold you accountable for every word.

7. Targeted Advertising (Mostly Online)

It is tempting to track users' behavior and send them targeted advertising based on their activities in your game—which means that you have to track what users do and how to contact them. Unfortunately, in some jurisdictions such as Germany and other European countries, user data (including the user's mailing address) have to

be kept separate from traffic data (data regarding how the user acts). This is intended to better protect the user's privacy, as legislators think it is dangerous to have a clear link between the identity of a user and his or her behavior online. You need to consider such requirements when designing the system architecture.

Distribution and Marketing

8. Exclusivity and International Assignment (Online and Offline)

If you are entering into an exclusive contract, ensure you have the right to terminate the agreement if the partner fails to deliver what it promised. Otherwise you may find yourself locked into a long-term contract which prevents you from exploiting an important market. (Hint: If you are in real trouble, consult an antitrust lawyer. Sometimes exclusivity clauses are poorly drafted and may be void.)

If you have several licensees, it is advisable to synchronize their actions and policies when assigning rights internationally. For example, it may be seriously detrimental to the success of your game if a licensee for the U.S. tries to offer the game (or virtual goods in the game) at a price which is significantly different than the price charged by the licensee for the U.K. To avoid such conflicts, make sure that your contracts with different distributors require consent among licensees for certain actions—or better still, reserve the right to determine those matters yourself. And finally, when drawing up contracts never forget that English is the global language.

9. Trademark (Online and Offline)

Always carry out a trademark search before announcing your game or making any investments into its branding. When choosing a name, you should be aware that purely descriptive names do not qualify for trademark protection. “Horse Game” would probably be refused by most trademark offices as a trademark for computer games. “Horse Farm” would have slightly better chances.

10. Professional Counsel

Make sure that you choose both a tax advisor and a lawyer who are familiar with your business—especially if you're a start-up. In making your selections, do not be afraid to ask for a fee estimate. Quality advice has its price, but you should not be the one who pays for teaching your advisor the basics of your business. ■

Even when you use music composed specifically for your game, if the artist is a member of a performance rights organization, you will need to pay fees to that organization. The artist does not have the option of waiving this obligation.

Digital Rights Management 101

Recommendations for Selecting a DRM Solution

by Chris Hennebery and Tara Gregg



time he has launched new services oriented at breaking down the barriers of consumer adoption and protection. In Christopher's current role as Director of Software Distribution at Yummy Interactive, the main focus is to create a DRM service that creates value for publishers and consumers. He can be reached at chrish@yummy.net.



online retailers and now Yummy Interactive and the company's partners. Tara specializes in developing and supporting the sales and marketing directives of products and services for online sales and customer retention. She can be reached at tarag@yummy.net.

Locks and keys are everywhere. People use keys every day to unlock their homes, their cars, their lockers, their bikes. In the digital world, Digital Rights Management has become the de facto method for people to unlock the products they buy. Love it or hate it, want it or not, DRM has become part of the online world that helps make digital distribution happen. It's the means by which a seller grants the buyer access to a product, whether that access is temporary or permanent.

At its fundamental core, DRM has two primary functions: 1) It establishes a pre-defined set of licensing rights to the purchaser; and 2) it safeguards the software (or Intellectual Property), limiting access to those who are authorized through a variety of mechanisms that are either machine-based (tied to an individual computer) or identity-based (tied to an Account ID).

Why Use DRM?

DRM enables a variety of business models for digital distribution that have not existed in the traditional retail-box environment. With online digital distribution, DRM offers companies new ways to monetize content and allows companies to provide consumers with choices: to rent, to download, to subscribe—all at potentially different price points. Accordingly, DRM enables publishers to continue to generate revenue even with their "long-tail" products.

For some time, the predominant means of restricting consumer access to a particular piece of software was machine-based: Through the use of a hardware key (or dongle) a publisher could ensure that a particular piece of software could not be used by any other device. However, consumers' demand for unencumbered, transient access has led to the rise of platform-based DRM solutions which are little more than Customer Relationship Management (CRM) systems that employ client/server security. Platform-based products such as Apple's iTunes, Valve's Steam, Stardock's Impulse, and Yummy Interactive's CONDUIT offer web and desktop clients that manage a user's access to content through account IDs, logins, and IP addresses. Such identification systems effectively allow an authorized user to use the software from any computer—assuming, that is, that he can provide ID and password information that (presumably) no one else could know. Alternatively, a publisher might simply provide a custom code in a protective envelope to enable a customer to "unlock" the code after purchase. The current marketplace sustains both of these forms of DRM—and in some cases the two are employed simultaneously.

Selecting a DRM Solution

The DRM solution that you choose should align with your business goals and your customers' wants. Selecting the right DRM approach starts with identifying your specific needs: *What is it you're trying to achieve?* Answering this key question is essential in helping you determine which vendor's solution will be the best fit (and best value) for your company.

For each category in *Chart 1*, determine whether your company's needs are most closely described by Option A or Option B:

If most of your choices are in column A, you're most likely looking for a very basic DRM system. Particularly if price is a predominant concern, you just need to make sure you select a product that will give you the fundamentals at a low cost.

If, on the other hand, most of your choices are in column B, then you'll need to be a lot more conscious about the solution you choose. For instance, if driving revenue through trial conversions of Flash-

DRM offers

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based games is rated high in your priorities, you will need to weigh these requirements against the cost of the solution that delivers this functionality. Or, if you want to own your e-commerce solution outright, then you will want a DRM solution that can integrate with your e-commerce provider.

As a general rule, you should expect your DRM solution to return two times its cost in incremental revenue. This new revenue should be achieved through reduced loss from piracy and/or higher rates of trial conversions through effective licensing.

Cheaper does not always mean better. The lowest cost solutions are cost centers and create lower long-term value. In this regard, the business owner will see DRM as an expense and will want to take the least expensive solution. The cheapest solution might not create any incremental value and could instead negatively impact the customer experience and drive revenue down. Be sure to analyze your ROI and look to protect your brand and its positioning to your customers as well.

And ask the hard questions when selecting your DRM partner: What is their loss or piracy rate? Can they demonstrate how their licensing system creates incremental value? What are all the costs of using their system? How do your requirements line up with their solution?

Protecting Your IP

Protection of the Intellectual Property (IP) is only a small part of what you need your DRM solution to do. Selecting the rights management system that gives you the most flexible (and "monetizable") licensing solution will expand your options. Protection might help to eliminate lost sales due to piracy, but a flexible licensing system means you gain new business model options that can help you to earn new incremental revenue. By having an adaptable DRM solution, you can plan and change your business models and experiment with new ones. You may want to experiment with micro-transactions, or redefine

As a general rule, you should expect your DRM solution to return two times its cost in incremental revenue.

Chart 1

Criteria	A	B
Cost	Limited budget. Need the least expensive product.	Some budget. Prefer to invest in a solution with long-term savings potential.
License Management Functionality	Supports basic license models (Try Before You Buy, ESD download, etc.).	Need to be able to create a unique license in addition to standard ones (e.g. it supports episodic, micro-transactions etc.).
Flexibility	OK with limited platform and application support to start with.	Need scalable system that will support multiple platforms and applications.
Commerce	Commerce and DRM are tied to a provider and/or model.	Commerce and DRM are not tied to any specific commerce provider and/or model.
Protection	Basic protection with potential revenue leakage.	High-level of protection with minimal loss to piracy.
UI Interface	OK with basic templates.	Would like customizable options.

your trial periods, or provide advanced preview copies to your beta users for feedback, or offer subscriptions—the list goes on.

By considering the life-cycle of your game, and how it will migrate from initial release to back-catalog, you can better manage your licenses and the levels of protection you employ. This will extend your products to new customers, or in new ways to existing customers, thereby diversifying your product offerings and expanding your games into new revenue streams.

Essentially, your DRM needs to help you communicate the purchase process to your customers while improving conversions and retention. It should not be creating confusion for your customers and erecting barriers for them to overcome. These fundamentals apply during both the pre-purchase and post-purchase processes.

Some Practical Tips for Implementing DRM

- Try not to focus primarily on thwarting crackers and abusers. Rather, focus optimistically on your paying customers. Make sure whatever protective modes you choose, you aim to

make it simple and unobtrusive for purchasers to gain access to paid-for content. You don't want to hinder legitimate purchasers when setting up your protection.

- Make it easy to unlock. Let your customers know what to do once they get their account or serial number (key). Plan for what happens if they encounter problems with their account or key. Let them know how to resolve the problem and make it easy for them to retrieve their lost information.
- Communicate your licensing terms to your customers. Make it easy for customers to find out what the license terms are for a purchased game (for instance, are they limited to, say, three installs on one machine—or is it three installs on any machine.) Such licensing details should be provided as part of the purchase process, not buried in your EULA.
- Enable viral distribution! With an eye to the future, devise a licensing scheme that allows paid-users to share the game (or game trial) with their friends. ■

E-Marketing Best Practices

Two Tips for Improving Your E-mail Marketing

by Paul “The Game Master” Hyman



Paul “The Game Master” Hyman has covered the video games industry for over 15 years; he currently writes for Gamasutra.com and Game Developer magazine, among others. As editor-in-chief of www.OpenMoves.com/games—an e-marketing boutique—he creates e-newsletters for such game-related companies as Ninja Kiwi, GameTap, FOG Studios, and Digital Artist Management. E-mail Paul at paul.hyman@casualconnect.org.

With rare exceptions, the e-marketing goals of game developers are typically to generate repeat business, create communities around their games, and drive traffic to their websites. Regular, consistent e-newsletters are one of the best tools to achieve such goals—and following best practices is the foundation of e-newsletter success. Here are a couple of tips to make your e-marketing efforts as effective as possible.

TIP #1: Relevancy in Four Easy Steps

Relevancy is really the bottom line for all e-mail marketers. When information is appropriate and meaningful to the reader, it leads to higher open rates, more click-throughs, and (ultimately) a more loyal following. There are four easy steps for achieving relevancy:

1. Make sure you write about what your readers want to read! Do a “Who cares?” test on your ideas to confirm that the content is helpful and educational to your readers—and not just to you.
2. Make sure your database is populated with all the demographic and behavioral info you can find, and then build your e-mail strategy around this segmentation. For example, you may want to separate your customers, your prospects, and your industry referral sources into separate groups. Market specifically to each group with content that’s relevant to them and you’ll get optimal results from each campaign.
3. Determine both the right frequency for your audience and when to deliver your message. A rare few may want to hear from you every day; others will enjoy hearing from you on a regular basis, (perhaps monthly); and some won’t want an e-mail until you have something specific to offer. Know your audience and adjust your frequency accordingly.
4. Test and retest your creative. Try a variety of tactics. Intrigue and entertain them. Don’t ever let your message get boring!

TIP #2: Clean Up Your Act—A Good Reputation Is Everything

You know the old saying: A reputation takes a lifetime to build—and a moment to ruin. Observing best practices is key to establishing and protecting your e-mail reputation. One way to do this is to avoid changing your IP address, if you can. Spammers are famous for frequent IP shifts, and consequently, e-mails from IP addresses with no volume history are much more carefully scrutinized and controlled. In contrast, if you always use the same, unique IP address for your e-mail marketing, you should be able to ensure high deliverability—even if you’re mailing to a large database.

I also recommend that you monitor your reputation data directly or through your e-mail marketing provider. Check your complaint and hard-bounce rates and avoid sending e-mails to spam traps (email addresses created by ISPs which function solely as lures for unsolicited email). Be especially careful if you’re planning to make changes to your e-mail program. Do limited test runs beforehand, specifically with the type of content or frequency of the proposed campaign.

There are so many ways to establish and protect your reputation—and even more to unknowingly ruin it. When in doubt, have a professional review your process. ■

Reputation takes a lifetime to build—and a moment to ruin. Observing best practices is key to establishing and protecting your e-mail reputation.

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Monetizing Users With Alternative Payments

How to Choose the Best Platform for Your Business Goals

by Alex Rampell



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At the 2009 LA Games Conference, PopCap CEO David Roberts observed that the hardcore game market has retail sales of \$11 billion in North America while mainly focused on 14-to-24-year-old boys—or 13% of the population. His question: *What should we do about the other 87 percent?*

The casual gaming industry brings titles like PopCap's *Bejeweled* to 200 million players worldwide, yet only anticipates \$2.25 billion in revenue this year, according to the Casual Games Association. That breaks down to just \$11.25 per player—which suggests that there remains a lot of opportunity for stronger revenue per user.

Alternative Payment Methods

Alternative payment methods have emerged as a popular way for game publishers to monetize more players from their current traffic and player base. Forrester Research reports that 74 percent of customers have used an alternative means of payment because they prefer the convenience, savings, and security of alternative payment platforms to that of credit cards.

Alternative payments refer to any method of online purchase in which the customer does not pay the merchant directly via credit card. There are two basic types of alternative payments: credit-based and value-added. Credit-based methods, such as Bill Me Later, grant customers credit and later invoice them for any purchases. Value-added methods, such as PayPal, use standard credit card and bank transfer networks but act as intermediaries between the customer and the merchant. These methods add some sort of value for the customer, such as security or convenience.

Ad-supported payments (also known as “offer completions”) are a relatively new type of value-added payment method that is gaining popularity in the casual games space because it offers customers a way to get games, virtual goods, and subscriptions for free.

A New Kind of “Free”

Game publishers such as Playfish, Fresh Games, PlayFirst, and PopCap use ad-supported payments to monetize hundreds of thousands of players on social networks, in games, and on their Web sites. Using ad-supported payments and promotions, players can upgrade games, unlock new features, and get virtual currency for “free” by trying or buying an offer from blue-chip advertisers. For example, players can pay for games and earn virtual currency by signing up for a DVD rental service, sending flowers, getting approved for a credit card, completing a market research survey—and the list goes on. In essence, game publishers get paid by the advertiser for each transaction.

Casual game publishers are increasingly employing alternative payments as their users demonstrate a relative reluctance to pay with a credit card. In fact, a recent U.S. consumer survey¹ found that 32 percent of online gamers said they would definitely use an alternative payment method to pay for fee-based online games. Fifty-three percent said they would prefer to “try or buy” something they needed—particularly from a company they shop regularly—rather than pay for fee-based games.

For game publishers with downloadable games, ad-supported payment platforms can effectively combat downward pricing pressure from users who may be hesitant to pay directly for games. Ad-supported payment platforms monetize users without hurting your retail price and weakening your brand. Through high-quality advertising offers, you have the chance to

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generate significant revenue on every sale because a consumer who might be indifferent toward your brand might be an enthusiastic customer for another. While your users might not have a very large budget for gaming, they might allot substantially more for the purchase of clothing, food, subscriptions, or gifts.

How to Choose a Platform

When choosing an ad-supported payment platform, it is important to look for the following:

Premier Partners for Offer Inventory

Each payment platform works with a variety of brands and shows different types of offers (of varying quality). Thus you should consider carefully which advertisers you want to associate with your brand. Offer-based platforms can be an excellent opportunity to boost your brand through association with the most popular brands on the Web.

In addition, featuring offers from bigger brands can increase the probability of conversion, as users are more likely to transact with brands they know and trust.

Direct Advertiser Relationships

Maximize your revenue by choosing the payment platform with the most direct advertiser relationships. Payment platforms that have stable, direct advertiser relationships pay significantly more per transaction. Many payment platforms use third-party affiliate networks to acquire offer inventory, which means payouts are lower after the networks take their cut.

As an added bonus, payment platforms with direct relationships can host advertiser offers on their payment page—which means users won't have to leave your site or your game to complete the offer. Hosted offers significantly reduce abandonment and enhance the user experience.

For offers that require users to leave your site or your game, offers from co-branded advertisers increase conversions. A co-branded landing page confirms a connection between the advertiser's offer and the payment platform, which enhances the user experience. Co-branding assures users that they are completing a valid offer and will indeed receive your game or virtual currency.

Furthermore, direct relationships enable you to try versatile placements, deeper offer

integration, and special promotions. For example, if your payment platform has a direct relationship with a flower vendor, during the days leading up to Mother's Day you might offer a free game upgrade to anyone who buys flowers.

Offer Quality

It's important that your payment platform shows your users a variety of offers, but it is equally important to ensure that every offer is of the highest quality. Each offer you present is a direct reflection on your own brand. High-quality offers improve user experience and increase the probability of conversion. When users successfully and easily complete an offer, they are far more likely to become repeat customers.

Survey offers are one popular way for casual game publishers to monetize users, but be wary of platforms that predominantly use co-registration offers. Co-registrations are surveys that collect customer data and contact information. Unlike pure market research surveys, co-registrations sell your users' information, spamming them indefinitely. It's imperative to use a payment platform that will handle your users' information as honestly as you would.

In addition, too many offers that don't require users to make a purchase (such as survey or trial offers) can damage lead quality and decrease your revenue in the long run. The best advertisers want to work with payment platforms that send them customers with a high lifetime value. If an advertiser believes your traffic is low quality, it will stop displaying its offer to your users. Be sure that your offer inventory isn't exclusively comprised of “free” offers.

While retail offers require a greater commitment than “free” offers, they are more profitable and sustainable in the long run. On average, users spend more per transaction on retail offers, and such users have a greater lifetime value to the advertiser. As a result, you get paid more and the advertisers will want to continue working with you via your payment platform. The best of these platforms will have a well-balanced selection of offers requiring varying commitment levels.

Offer Relevance

Look for a platform with the most sophisticated offer-matching technology. Each offer you display must be relevant to your target audience. Most platforms achieve this on a broad scale by presenting offers that would appeal to the majority

of your users. But some payment platforms are able to target each individual user based on key data points, including gender, geographic location, IP address, browser type, operating system, connection speed, and aggregate merchant data. Sophisticated targeting ensures that you always present offers that will most likely compel your users to make a purchase.

It is also important that your payment platform has global reach. For example, if the platform has only a few offers for your Brazilian users, conversions will be significantly lower in that region. Look for a large selection of local offers in all of the regions in which you sell your game or virtual currency.

Regional Pricing

The price of your game or virtual currency might be different in different regions. Some alternative payment platforms offer regional pricing, enabling you to price discriminate by geography without exposing price discrepancies to your users.

Extensive Platform

High-quality offers are only one way to pay through alternative payment platforms. The most robust platforms can monetize users through a variety of offer-based and direct payment methods, such as credit card processing, mobile payments, and direct payments.

In addition, some platforms integrate these options more tightly than others. For example, the most effective credit card processing solutions allow users to pay in-game instead of sending them to another site.

Fraud Detection

Sophisticated fraud detection is a constant cat-and-mouse game. Look for a team with extensive technical expertise in network-level anomaly detection. The best fraud detection systems involve a dedicated customer support team. A good customer support team will detect fraudulent users, increase customer retention, and encourage repeat usage.

While every alternative payment platform has its strengths and weakness, it's important that you select a partner that has the platform to help you meet your business goals. Doing so will not merely increase your revenues; it will also help you determine what to do about “the other 87 percent.” ■



Look What's on TV

IPTV Is Bringing Casual Games to the Television

by Michael Lantz



Michael Lantz is the CEO and co-founder of Accedo Broadband, the leading provider of interactive applications and games for IPTV and connected TV. Michael has worked on the convergence between broadband media and interactive TV for more than 10 years with various companies in Scandinavia. Michael can be reached at michael.lantz@accedobroadband.com.

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Over the last five years or so, the Internet has been transformed from a pure text and image medium to a truly interactive rich media environment. Internet technologies, both on the network and on the client side, have now evolved to be able to deliver the rich, high-quality experience that television users demand. IPTV—television delivered over IP to a set top box in the living room—has grown from a niche technology to one of the main distribution technologies for TV alongside cable and satellite.

Historically, broadcast technologies have been the only way to deliver such a high quality experience on the television. In the last 24 months, however, the quality of broadband has improved, making it technically possible to deliver the service quality needed for IPTV. At the same time, television displays and set-top box technologies are both improving in performance and declining in price, making it possible to deliver attractive, on-set services in a way that was not possible previously.

The first IPTV initiatives were introduced by telecom operators. Subsequently, however, we have seen a number of new initiatives from consumer electronics companies which have introduced new internet-enabled TV-centric devices. The total market of online television devices (connected TV sets, IP set-top boxes, digital media players) passed 25 million devices in 2008, and Accedo Broadband forecasts a worldwide market of more than 100 million online television devices in 2011, a quadrupling of the market in three years. Naturally, these new online TV devices will be excellent for casual gaming.

Casual Gaming on TV

Television is a significantly different medium from the Internet, offering a very different experience for a very different user mindset. Television is a lean-back, passive-consumption experience, while the traditional Internet is a lean-forward, fully-interactive experience. Even as watching television becomes an increasingly interactive experience, and as PC-centric Internet offers more rich media content services, the underlying television paradigm will remain essentially the same for the foreseeable future. Consequently, successful casual games on TV need to embrace the uniqueness of the television paradigm while at the same time providing a good gaming experience.

The challenge, of course, is that the interaction possibilities are limited with a remote control, but that obvious shortcoming is partially offset by the fact that the screen is, by definition, large and colorful. The best games for IPTV do not depend on rapid mouse movement—board games, strategy games, quizzes, card games, and puzzles come to mind. Likewise, more action-oriented

casual games work less well. Of course, games connected in any way with TV brands or TV content—games which allow broadcasters and users to extend the experience of their favorite program—are especially well suited to this emerging gaming medium.

Business Models for TV

Normally, online TV devices do not have any storage space to store games. Even though a set-top box might have a Personal Video Recorder (PVR) hard drive, this is typically, due to rights issues, not available for anything other than broadcast content. Consequently, the download-to-own models dominating mobile gaming are currently not available for IPTV. Instead, games have to be downloaded every time the user decides to play. The standard business models for

casual gaming on TV are either subscriptions, 24-hour access, or pay-per-play. The most common model is the subscription model—which makes sense inasmuch as television is a subscription medium. Perhaps because consumers are already used to paying monthly subscriptions for their TV content, they have shown a willingness to pay a monthly fee of up to five dollars for a pack of 30 to 40 casual games. The 24-hour business models will normally allow access to the complete game pack for a lower fee. Implementing the pay-per-play model is a little more complicated since it requires the operator to provide an attractive micro-payment scheme, but if this is readily available, it might be a viable option.

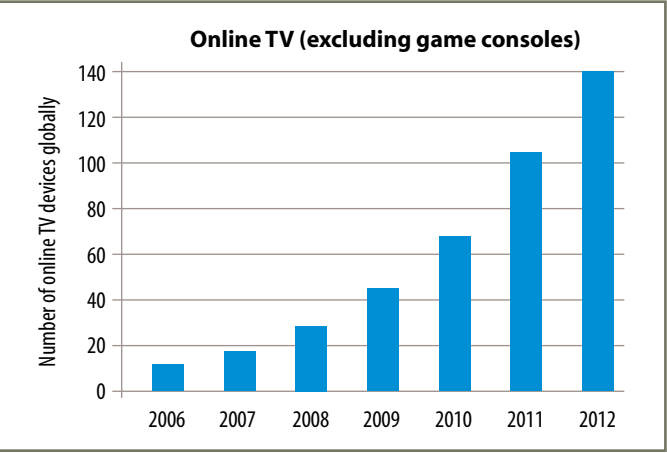
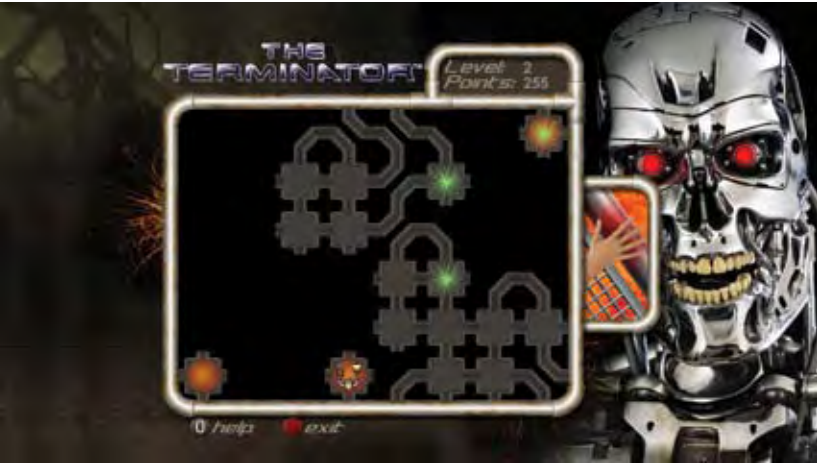
Using the Power of the Online TV

The significance of the technical revolution which allows Internet access directly through the television cannot be overstated. With a high-speed, bi-directional connection to the television, you can get exactly the content you want when you want it. For gaming, the benefits are even higher, as it is possible to allow users to play with each other, to participate in game communities, and to download new levels for their favorite games. In addition to the bi-directional connection, the availability of standard Internet technologies for online TV marks a definite change to traditional closed, proprietary interactive television technologies. Even though the IPTV technologies are still at an early stage, it is clear that all parties involved are striving to make it as easy to create and deliver services such as games on a TV as it is to do so on a PC or mobile device.

Current Development

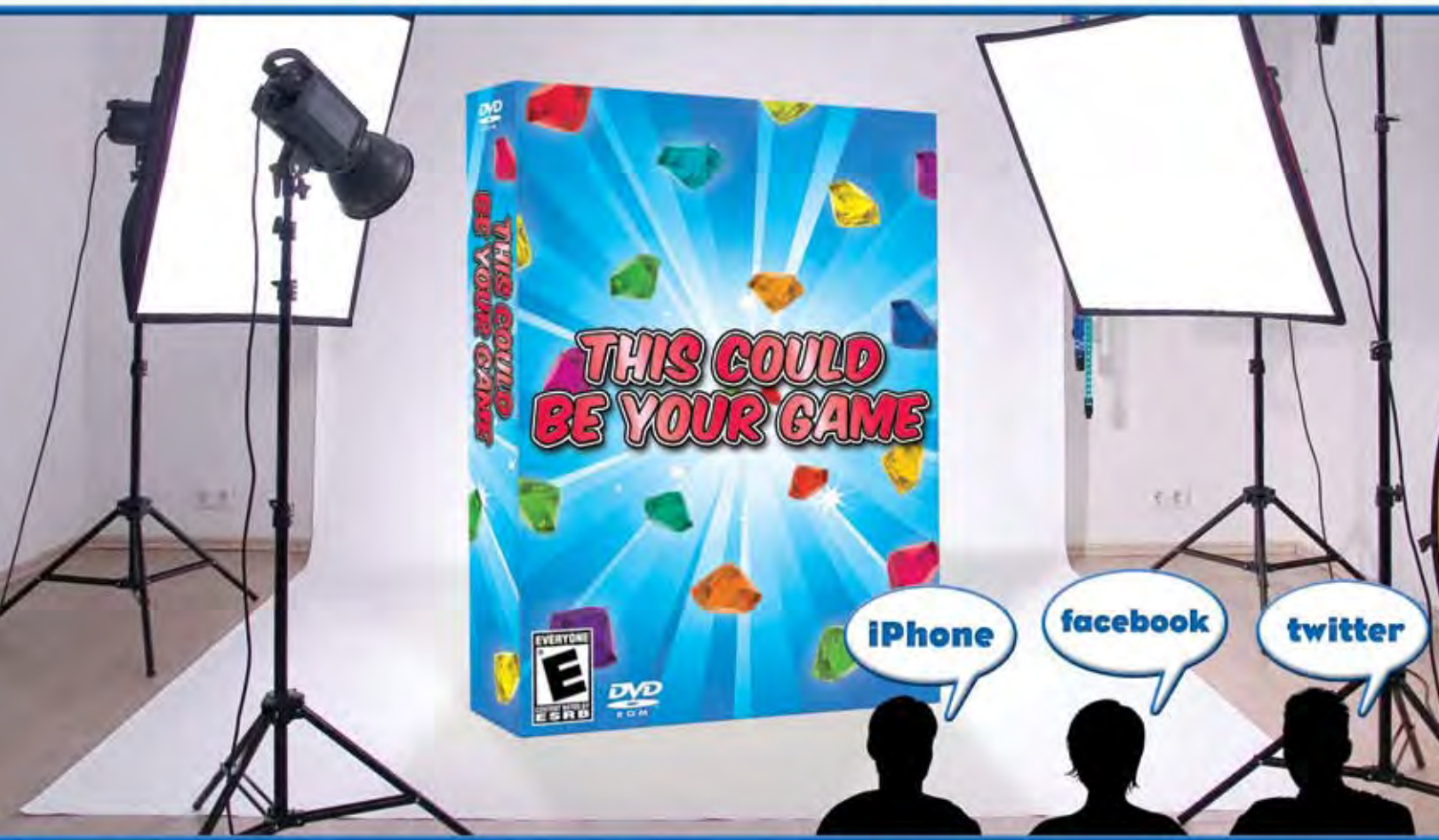
It appears that 2009 will represent a turning point for casual games on online TV. For starters, many telecom operator initiatives are reaching critical mass, making it possible to justify a cost-efficient game deployment. Europe is currently leading with about 50% of the global market, but Asia is growing rapidly. Secondly, the incumbent satellite and cable operators are deploying IPTV hybrid solutions through which consumers can connect to a range of new content options online from their set-top boxes. Thirdly, we see consumer electronics companies releasing a range of televisions and other devices which can be connected to the Internet. Sony, Samsung,

LG, Sharp, and Philips have all introduced such devices—although each has a slightly different take on how consumers would like online services on the TV. As the 2009 holiday season approaches, expect a battle between the big brands of consumer electronics as they fight it out for the emerging IPTV consumer. ■



Source: Accedo Broadband market estimates.

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Converting Players to Payers

How to Select the Best Payment Methods for Your Casual Game

We've seen it many times before. A company will spend years developing a new casual game or portal and selecting the right distribution partners to work with across the globe. Then just months before the launch date, it will finally start thinking about its online payment strategy—at which point it is (to put it bluntly) *too late!*

Although E. Jerome McCarthy's famous marketing mix of the Four Ps did not allocate a P for Payments, payments should be considered a crucial aspect of your marketing mix. It is for this very reason that so many gaming companies place the responsibility for the payment strategy directly within the marketing department.

Considerations

When you start thinking about your payment mix, you should examine a number of important factors upfront:

Target Audience: Where do your gamers live? How old are they? What are their preferred payment methods? For example, were you to try to reach European youngsters between the ages of 16 and 24, you would have to take into account that 56% of them do not own a credit card. Consequently, you would need to offer "alternative payment methods" which attract and serve these youngsters, among them pre-paid cards and vouchers (such as Paysafecard, Wallie, and Ukash), real-time bank transfers, e-wallets (like PayPal and MoneyBookers), or SMS and IVR Payments.

Business Model: Depending on your business model, there might also be some limits to the payment methods you can offer. For example, if you would like to accommodate subscriptions through automated and recurring payments, you are basically limited to offering credit card and direct debit payments. Alternative payment methods are much less effective for subscriptions since they require you to notify your gamers whenever their subscriptions are ending in order to remind them to make another payment. Overall, business models for online gaming are increasingly shifting from subscription-based pricing towards a free-to-play scheme with micro-transactions for virtual item sales.

There is also a proven correlation between the number of localized payment methods offered and increased customer conversion rates. In essence, the more payment choices you offer, the higher the conversion rate.

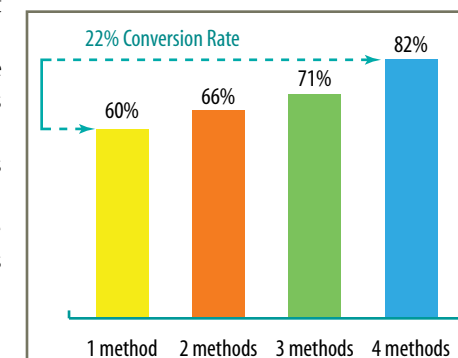
Pricing: Your pricing strategy might be aggressive in order to attract new gamers and beat the competition. But if, as a consequence of that pricing strategy, you find that the cost per payment absorbs most of your revenues, the strategy will backfire.

Keep in mind that each payment method requires a different pricing structure: Credit cards, for example, are based on percentages of the transaction value while direct debits typically carry a fixed fee regardless of the transaction amount. Especially for micro-transactions below \$1.00, you might want to be selective in the payment methods you offer.

Currencies: Although it might be easiest for you to work with just a single currency, don't expect gamers from Sweden to know the current conversion rate to USD. By offering local currencies you eliminate this hurdle which will certainly boost your overall conversion rate.

Fraud Protection: Identifying the right payment methods while minimizing the risk of fraud is a challenge for all e-commerce transactions. This matter is crucial for those of us in online gaming, especially since gold farming is an inevitable part of our industry. We recommend that all gaming merchants use some sort of fraud screening service that will detect suspicious behaviors and patterns prior to processing a transaction.

Technical Implementation: Just as important is a hassle-free connection to the technical platform of your payment service provider (PSP). Make sure you select a PSP that can give you instantaneous access to a portfolio of local and international payment methods in hundreds of countries and various currencies. ■



by Bob Voermans and Rogier de Boer

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Challenging the Audience Stereotype

Acknowledging the Broad Appeal of Casual Games

by Robert Norton



Robert Norton is managing director for King.com in North America, where he was instrumental in forming groundbreaking partnerships with such global media companies as NBC, Endemol and Fremantle Media. Norton headed up TVF International in London and later founded his own international production business, working with industry-leading clients and designers. His new media experience includes the online health and beauty site clickmango.com, which he co-founded, and Nomade.fr, a French search engine where he served as business development director. Norton also managed AOL Bertelsmann's European business development and e-commerce, where he launched the UK's first shopping channel. Norton's media experience extends to award-winning journalism with leading international business titles including: CBS Marketwatch, the Financial Times, Reuters and The European. His heavyweight international media experience began with his promotion of world heavyweight boxing champion Lennox Lewis. Robert can be reached at robert.norton@casualconnect.org.

When it comes to fans of computer games, stereotypes need not apply. More than half of all American adults play video games, according to the Entertainment Software Association. Their average age? 35. To put that in perspective, consider that 35 is the minimum age required to become President of the United States.

Games are indeed all grown up, but this is hardly the console-shattering revelation that the media would have you believe. While mainstream news sources continue to marvel at how grown-ups, women, and seniors are taking to video games, many demographic groups not traditionally associated with casual games are also joining in.

At King.com, the number of games played in 2008 jumped 84 percent from the previous year. That sort of growth is typical of the industry—and not surprising compared to what's taking place on everything from iTunes to Facebook. With their assorted tastes, preferences and playing habits, gamers generated more than \$2.7 billion playing casual games in 2008, according to CGA estimates.

Much has been made about women gamers, about how companies such as Electronic Arts, Activision, and Sony are targeting the female audiences as never before. At King.com, 74 percent of our players are female. But to focus only on women misses the bigger picture of an industry identifying the broader diversification of its players.

One group that for years flew under the radar is the mature gamer. In 1999, only nine percent of all gamers were 50 or older. That figure has since more than doubled. Today, even the American Association of Retired Persons is getting its game on with its own games portal on the organization's Web site (<http://games.aarp.org>). One reason for the expansion of the casual games market was the increase in broadband penetration, which improved the game-playing experience for all users—particularly older players who may be less patient with technology than their younger counterparts.

Mature players are also attracted to social games—which tend to draw a demographic over 35—as opposed to, say, shoot-'em-up titles. Those seasoned gamers often make it a daily ritual akin to walking the dog or brewing a morning pot of coffee. As one 47-year-old devotee put it: "I'm at it even before I've made my coffee. I roll out of bed and head straight for my laptop to play." Social games also work as a means for players to bond with their contemporaries, providing them a community of online friends with similar interests.

All this talk of reaching untapped demographic groups, this chatter about masses of newly served gamers who have suddenly found a place to play, isn't really valid. Instead of focusing on demographic tags, the key to the future of games is to emphasize the individual and embrace this thought: Whether male or female, teenager or retiree, everyone now comfortably fits into the larger casual games tent. ■

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When Traditional Goes Casual

Assessing the Pros and Cons

by David Schwartz



David Schwartz is the general manager of PC games at Namco Networks, a developer and publisher of casual games for the mobile, iPhone and PC platforms. David has been involved with the games and entertainment industry for more than 15 years. He currently oversees Namco's PC game production studio and on-line distribution teams. Prior to joining Namco, David worked at leading companies in the game space including Big Fish Games and Sony Entertainment. David holds a Bachelor of Science from Carnegie Mellon University and a Master of Business Administration from The Wharton School at the University of Pennsylvania. David can be reached at dschwartz@namconetworks.com.

The casual games industry is booming. The Casual Game Association (CGA) estimates that the industry brings in \$2.25 billion each year while producing an annual growth rate of 20 percent. Meanwhile, Parks Associates suggests that by 2010, the online PC game market will reach \$4.4 billion. Regardless of your background, those are impressive numbers.

For traditional video game publishers, entering the PC casual games market is a logical next step: Take best practices learned from the video game industry and combine it with established, recognized corporate branding to effectively enter a rapidly growing space. Many traditional video game publishers have found success through properly leveraging the advantages they have in the development of PC casual games. But, as some publishers have found, entering the casual space may not be as easy as it sounds. If you don't do it right, you can lose a lot of money.

As a traditional publisher considers entering the casual game market, the question is whether the pros of doing so outweigh the cons. Here are a few things to consider:

Pros Resources

Established video game publishers (in other platforms, such as console) tend to have access to more resources than most casual game companies. (Consider that the Entertainment Software Association estimates that the average cost of developing a large-budget video game in 2004 was \$10 million. Casual game developers could create dozens of games for that amount of money.) Established players have the ability to commit capital and labor to projects of various sizes, be they aimed at the console or the casual market. Additionally, the access to their own capital is especially important for cost-intensive developments like back-end technology and infrastructure, which can prove to be expensive to develop but provide major gains down the road.

In addition to the technical resources that go into game production, traditional video game publishers have an advantage in that they have many non-production employees. This allows traditional video game companies to call on teams of people trained to handle product marketing, brand management, sales modeling, and ROI analysis. A smaller, casual game publisher is not likely to have access to the same human resources.

Breadth of Content and Extent of Platform Reach

In addition to the PC, other devices like the iPhone, mobile phones, and even consoles are becoming increasingly more casual. Traditional video game publishers are probably already working with these other platforms. As casual games rise in popularity, players will expect to be able to play their favorite games on any device. *PAC-MAN* is a great example: It continues to enjoy great success on PC, mobile, iPhone, PlayStation 3, Xbox and Xbox LIVE Arcade, etc. Traditional video game publishers often have an easier time with platform proliferation, not only because they have more resources but also because they have pre-existing relationships with those who control these other platforms.

Customer Interaction

In the nearly 30 years since launching hits such as *PAC-MAN* and *Galaga* in the arcades, Namco has learned a lot about consumer behavior and how to reach the consumer. From tradeshow, fan sites, and social networks to search engine marketing, print ads, TV advertising, and much more, video game publishers have ample experience increasing a game's brand presence and encouraging players to engage with a brand. Casual game publishers are placing increasing emphasis on the consumer/brand interaction by incorporating social elements such as forums, blogs, and social networks. In addition to fostering brand loyalty, such initiatives ultimately increase the lifecycle of a game and the success of a

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franchise. Traditional video game publishers, with their long established communication channels and marketing programs, are well positioned to take advantage of this trend.

Reputation and History

Traditional video game publishers entering the casual PC space can utilize their name recognition and history to establish relationships with developers and distributors. Known players on the console and mobile platforms are likely to have a reputation and history for developing and distributing quality and innovative games. Developers and distributors can expect that large, traditional video game publishers will bring the same elements that made them successful in video games to the PC casual games market. After all, innovative game mechanics and stories carry just as much weight in the PC casual space as they do in the console world.

Cons

Over Reliance on Brands and Past Trends

While history and reputation can help open doors among developers and distributors, having a household name in the traditional video game space likely doesn't carry much weight with the PC casual consumer. In the casual PC space, consumers are more about game innovation and genre loyalty than developer and publisher loyalty. This means that video game publishers should not rely heavily on nor invest too much in their existing corporate brand, and instead should invest in game development and game-specific marketing.

The same warning applies to established video game brands and products. A game, brand, or game mechanic that was wildly successful on consoles may not be successful with the casual audience. As a matter of fact, the odds are likely against it. As not everything that made a company successful in the traditional video game space will

help in the casual space, it is vital for a company to add to the team people with extensive experience in the casual space. They must make sure that the company applies past knowledge and experience in a way that will translate properly for casual game players.

Speed to Market

The lifecycle of a PC casual game may very well be shorter than that of a console game. Video game companies will often be used to releasing no more than 20 titles a year, which is a lot for a developer. With physical shelf space limited and a high cost of getting into retailers, content options are constrained, which greatly increases the importance of digital distribution. As highlighted by Big Fish Games, many consumers are looking for a "Game of the Day," which translates to having several thousand titles submitted to the portals for review in a given year, with only a percentage making it onto digital storefronts; even a long tail has a terminus. This limited space combined with the speed of the digital distribution model leads to the rapid spread of gameplay ideas and mechanics. In order to compete, traditional video game publishers have to significantly reduce time-to-market as they enter the casual space.

Reducing time-to-market affects every element of the game lifecycle. At the very start, there needs to be more game ideas filling the pipeline. It requires game design and development to happen more quickly. Usability and focus group testing happens more frequently. Marketing plans must be ramped up faster than ever. The speed and frequency of releases will challenge traditional video game publishers to find the right balance between speed and quality.

Ability to Adapt

Adding to the challenges of more releases on a tighter schedule, traditional video game publishers will also have less time to adapt. While the console industry has seen great changes

during the last 20 years, it has been at a much slower rate, fueled primarily by the introduction of new hardware (which provides plenty of advance notice, by the way). Meanwhile, the casual PC game industry changes rapidly, perhaps due to the pervasiveness of PCs and the open (and commoditized) nature of the hardware and Internet infrastructure. Additionally, the industry continues to change as additional social elements, such as Facebook, catch on. In order to stay relevant, traditional video game publishers will have to adapt and do so quickly.

Meeting the Challenge

While traditional video game publishers must weight the pros and cons of entering the casual game space, all developers and publishers in the casual game space face a similar challenge: making games that are truly fun and that resonate with a wide audience. Although larger, established players may have more resources to work with, those very strengths can work against them if they don't make appropriate adjustments. After all, a different industry requires a different business model.

By all means a traditional video game company should hang onto and exploit its advantages—resources, breadth of content, platform reach, customer interaction, reputation, and history—but it must be sure to solicit guidance and feedback from partners and portals to implement changes as needed. At the end of the day, it is about appealing to consumers on the platform of their choice. The knowledge and experience of portals and distributors is essential to reaching the new casual audience. ■

The Entertainment Software Association estimates that the average cost of developing a large-budget video game in 2004 was \$10 million. Casual game developers could create dozens of games for that amount of money.

Making International Distribution Pay

Developing a Payment Strategy that Supports Your Business Goals

by Sanjay Sarathy



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Casual game publishers should consider a number of issues when contemplating global distribution and publishing. Homing in on your target audience, selecting the appropriate business and pricing model, studying the nuances of local markets, and building a go-to-market strategy are just a few of the critical prerequisites for a successful international launch. Equally important but less widely understood is the development of a payment strategy specifically tailored to a publisher’s target markets.

This article will specifically take the perspective of a US-based game publisher that is looking to expand distribution globally. The goal is to help publishers understand how your payment strategy affects customer acquisition and, in turn, long-term profitability. Ultimately, I hope to provide you a framework within which you can make good decisions in support of your overall business objectives.

Specifically, let’s look at the subtleties associated with payment method and business model support.

Payment Method Support

Collecting your money would be infinitely easier if every country accepted the same payment methods in approximately the same ratio. But the variety of payment methods is as diverse as the international casual games marketplace. As a simple example, consider that in the United States, most online purchases are made using a major credit or debit card (Visa, MasterCard, AmEx, Discover). In Germany, however, the primary online payment method is direct debit¹; and in Brazil, Boleto Bancario—a service similar to Western Union—is commonly accepted². Casual game publishers who seek to penetrate these markets need to account for the impact that supporting these different payment methods will have on their operational and financial functions.

Operational Considerations

Depending on the specific payment method under consideration, publishers have to understand how quickly a transaction with that payment method can be consummated. *Mandate handling*, where the consumer has to give explicit approval to the financial institution, comes into play with direct debit payment methods in some countries but not in others. For example, the Netherlands and Austria do not require mandate handling, whereas in the UK, explicit instructions to the financial institution are required³. For credit cards this is not an issue, as the consumers never have to go to their financial institution for approval to initiate a transaction.

Keep in mind also that different markets have different ways of settling consumer disputes. With credit cards and chargebacks in the United States, consumers typically have up to 60 days after a charge to dispute it. In Germany, on the other hand, consumers have the right to dispute and reverse a direct debit transaction six weeks (42 days) after it has occurred. Explicitly recognizing these and other different operational issues with payments will help publishers plan for a successful game rollout in each of their different target markets.

Financial Considerations

In addition to understanding the explicit costs of each payment method supported, you also need to understand the implicit costs: the fraud risk associated with the payment method, the credit risk associated with the consumer using that payment method, and the cash conversion cycle (that is, how long it takes for the payment to actually reach the merchant’s account).

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For example, payments with credit cards will rarely take longer than 48 to 72 hours to reach a merchant’s account. On the other extreme, when a mobile carrier acts as the biller, payments can often take 60 to 90 days or more. Then there’s the downstream effect: Often merchants will wait for payments to clear before enabling gamers to play. For example, the casual game publisher Outspark supports multiple payment methods to purchase its virtual currency, SparkCash. A quick review of its FAQ⁴ shows that people using credit cards to purchase their virtual currency get instantaneous access to their virtual currency, whereas people who use PayByCash may have to wait up to ten days.

Business Model Implications

The business model a game publisher chooses has significant implications on its international payments strategy. Your target audience will play

a big part in helping you choose the appropriate business model which in turn will help you make the appropriate global payment choices.

Subscriptions

The key to subscriptions is maximizing average customer lifetime value (ACLV). This is the statistic that measures how long a subscription is typically active. For example, a subscription of \$10 per month that lasts for two years on average has an ACLV of \$240. Managing and minimizing payment failures that may occur at any point during the subscription period has an obvious impact on ACLV and therefore on the success of your subscription billing model. And payment failures can vary widely by payment method chosen. Payment failure rates are typically a lot higher, for example, with credit cards than with Automated Clearing House or electronic bank transfers. When considering a subscription billing mode, you should also consider the following questions

which will help determine your customer retention rate: Does the payment method support subscriptions that automatically renew? Does the payment method require mandate handling (which in turn may prompt more subscription abandonment)? In either case, if the consumer has time to think about whether the subscription is worth continuing, your ACLV will go down.

One-time Payments and Micro-transactions

Part of the appeal of the free-to-play/micro-transaction model is the notion that a significantly greater volume of consumers will be able to try your game—with price points available to everyone. Of course with smaller dollar transactions, understanding the cost implications of the payment method is extremely important, especially if there is a fixed component to the charge associated with the payment method. And if there are disputes associated with the payment method in a micro-transaction game, the publisher needs to take into account the fees associated with managing those disputes.

Conclusion

Understanding the gray areas of payment collection is difficult enough even if you’re focused on just one country and one payment method. Expanding your casual game distribution to an international audience requires you to understand how your payments strategy will support rather than detract from your business strategy. Understanding these issues well will enable you to optimize customer acquisition, retention, and profitability. ■

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Millions of Dollars Just Sitting on the Table

Why Building a Direct Channel is a No-brainer

by Simon Jones



Simon Jones is a 20-year veteran of the high-tech world. After spending a decade in the travel industry, he moved to the Silicon Valley in 1996 to help craft websites for the surprisingly still-new-and-exciting Web boom. Since then, he has worked in marketing and e-commerce for companies large and small, including Interwoven, Hyperion, Adobe, and now Plimus. Today he manages the marketing efforts for Plimus, an e-commerce provider supporting thousands of merchants, and millions of transactions a year. Simon can be reached at simon.jones@casualconnect.org.

FACT: Game publishers who fail to build a direct channel are collectively leaving millions of dollars on the table. Millions.

When you first open a studio, you need a lot of help to reach paying customers. In fact, you could never reach the market without the help of distributors, aggregators, and download sites. But once gamers know your work, they'll seek out your website and the sites you build for your subsequent titles—and when they do that, they'll ultimately buy from you, right there off of your site.

Which begs a critical question: When you start publishing your own titles in this way, how the heck are you going to collect your money?

Earning Your Money

When studios first start selling apps from their own websites, they'll typically re-direct customers to one of their existing marketing partners—usually an aggregator or a download site. But when they do so, most are obligated to pay a share of that revenue to the partner who completes the sale. But why? That marketing partner didn't do the work to find the customer. Perhaps the case could be made that the partner helped the studio get to the point where customers know their games, but the reality is that the studio is actually paying money for next-to-nothing.

When a marketing partner generates leads, provides great online content to hook them, manages downloads and does the dirty work to win sales, they absolutely earn their share. But when a publisher has invested in building an online presence, done its own advertising, and sourced a lead through its own efforts, well, it deserves the full share of the revenues.

Easier Than You Think

Building a direct channel is not rocket science, nor does it need to take away from the hard work you invest in producing fantastic games. You can quickly and easily sign up with an e-commerce provider like Plimus. From there you set up properly-branded purchase pages and set the links on your site. I've seen small companies get up and running in a single afternoon. It's that easy.

Of course, copy protection for your software is an absolute must—but it may be new to you if you've always relied on marketing partners to provide this technology on your behalf. Fortunately, there are many options from which to choose—from the quick, simple and reliable side (for example, the Gameshield wrapper from Yummy) all the way up to the deeper and more feature-rich protections (such as the SoftAnchor SDK from Uniloc). Whatever option you select, be sure it's properly integrated with your e-commerce provider so that you know there's no risk to your revenue. Again, depending on the depth to which you want to go in protecting your game, this can take as little as a couple of hours. If it's your first time, start simple and work your way up to the deeper options.

The Bottom Line Is Your Bottom Line

What's the point in adding this hassle to your life? Well, let's compare scenarios:

- 1) Imagine a product with a \$19.95 retail price. If that product sells through a download or aggregator site, there's a fair chance it will be sold on that vendor's value plan, meaning your share may end up being a fraction of the original price. For the sake of simplicity, let's imagine you take home \$10 on the sale (even though your actual take would likely be less than this).
- 2) Now, imagine you sell that same product through your own direct channel. The processing costs are about 10%; DRM may cost you anywhere between 3% and 10%, depending on your selection. Worst case scenario: You receive \$16. *That's 60% more revenue!*

When a publisher has invested in building an online presence, done its own advertising, and sourced a lead through its own efforts, well, it deserves the full share of the revenues.

The infographic features a central logo for 'fresh' in a stylized, lowercase font, with 'OPTIONS' written in a smaller, uppercase font below it. The background is dark with radiating lines. Surrounding the central text are several colored circles: a large green circle at the top right containing the text 'Outstanding \$ Opportunities', a yellow circle at the top left, a large orange circle at the bottom left containing the text 'Innovators and Instigators Welcome', and a green circle at the bottom right. Below the central text, the words 'Publishing + Acquisition' are written in a bold, sans-serif font. Underneath this, three bullet points are listed: '- FULL Portal & Retail Distribution', '- Unique Developer Partnership Model', and '- Content Acquisition and Marketing'. At the bottom, a line of text reads 'For more information go to FRESHGAMES.com/development'.

There are a number of publishers who are already taking advantage of this direct channel to fundamentally change their revenue dynamics. Trust me: It works.

Knowledge Is Power

There is even another, less obvious benefit to this approach to publishing: With a direct channel, you know *everything* about your customers—their names, addresses, purchase history, the works. Consequently, when your next title hits, you can market directly to them, boosting your revenues even further.

Say you have a customer base of 10,000, 30% of whom you expect to buy the next title at \$20 apiece. Using the same percentages we used previously, if you let these sales go through your aggregator, you'll see \$30,000 in revenues from these repeat customers. But if

you capture them yourself, you'll see \$48,000. I don't know of any studio that would turn away an additional \$18,000.

That simple math actually understates the difference that a direct channel can make, however. Because the truth is that you should be able to achieve a higher retention rate than an aggregator because of your direct relationship with your customers. If through an aggregator you can achieve 30% retention rate, perhaps you can achieve 40% or 50% through a direct channel. That double benefit—more repeat business *and* higher revenue on every sale—starts to fully illustrate the power of selling directly to your fans.

Additional Income Streams

That customer base becomes an asset even when you don't have new titles to sell. The best e-commerce partners will help you arrange deals

with other studios to promote their titles on a revenue share. So if you know you've got no new titles for the next 90 days, on each of your next three monthly newsletters you might

write a nice review of (and provide a link to) a partner's title. Let's say that each partner title costs \$20 and you receive a 35% revenue share. Just a 1% conversion rate can net you another \$700. With a customer base of 10,000, we can figure you're a \$200,000 a year studio (10,000 users times \$20); and if you can replicate that \$700 once per quarter, that's another 1.4% *pure profit* to your bottom line—for doing little more than helping another studio sell a few games. (They'll likely reciprocate for you, by the way, which is yet another way to make a few extra bucks.)

By creating your own direct channel as a complement to the work you do with marketing partners, you can quickly develop:

- 60% or more additional revenue on every unit you sell
- The ability to market *direct* to your customer base, allowing you to really reap the benefits of your new titles
- The ability to co-sell partners' titles and create a whole new revenue stream

If you *must* find new revenue sources in order to meet your goals, this strategy is the closest thing there is to a sure thing. There are literally millions of dollars out there, just sitting on the table. You might as well pick them up. ■

The Recession Boosts Online Gaming

Gamevance.com Survey Reveals a Migration Away from Console Gaming

by Michael Rosenberg



Michael Rosenberg is the COO of Future Ads, which recently launched Playsushi.com. Michael can be reached at michael.rosenberg@casual-connect.org.

As the recession heated up in late 2008 and significantly deepened in 2009, our casual gaming site, Gamevance.com, was recording record numbers of users. According to many third-party industry studies, we were hardly alone, as casual game sites throughout the industry reported record numbers in one of the worst economic climates ever. To measure how online casual gaming fared in the first half of '09—and to get a better sense of casual gamers' playing patterns and motivations—we initiated a series of surveys in April and May of this year. We were especially interested in understanding free versus paid gaming models—and in gathering fresh data concerning the continued crossover between casual, hardcore, and mobile gaming usage. We also wanted to gauge whether the pronounced shift to online and free gaming models has broader implications for the future of our industry.

The survey was deployed on Gamevance.com, which attracts an average of 5.5 million monthly unique visitors. Although over 3,000 of our active casual gamers participated, the findings are specific to the Gamevance user base and may not be representative of the industry as a whole.

Key Findings from the Gamevance Survey
The Economy Is Leading Our Consumers To Spend More Time Playing Online Games

While 65% of respondents reported that they're playing online games one-to-five hours each week, more than 33% are now playing over five hours a week, and 10% are playing over 20. (To put that in perspective, Facebook users spend about 49 minutes a week on the site.) A significant majority (61%) also report that they're spending more time playing games online now than they were a year ago, while 24% claim they're spending the same amount of time. Only 15% of those surveyed report spending less time with online games than a year ago.

Some 55% of respondents indicated that the bad economy has affected the amount of time they spend playing online games—with 46% responding that they now have more time to play and 9% stating that they're playing online games primarily to relieve stress brought on by the bad economy. Meanwhile, 35% reported that their online gaming habits have not been affected by the economy, and 10% said they're playing less because they're working more hours.

Our Gamers Are Spending Significantly Less on Console Games and Accessories

Among these respondents, nearly four in five also own consoles. The vast majority (79%) reported significantly cutting back on game purchases this year compared to 2008, with another 10% cutting back somewhat. We see a similar pattern in their purchases of console accessories and peripherals: 85% are cutting back significantly, with another 7% cutting back somewhat. Meanwhile, 90% of our respondents believe that someday physical consoles will become a thing of the past and that they will ultimately be able to access all games from their computer. Almost all of those in our sample (96%) said that they'd be more likely to use a single online hub (aggregating games from favorite sites) than to visit numerous sites offering a single brand.

Free Is Key, Even With Ads

When queried about their receptiveness to paid versus free games, not surprisingly the overwhelming majority (98%) prefer free games over any paid model, with a significant number receptive to free games with advertisements. In fact, 44% would prefer games with advertisements—compared to only 1% who prefer paying for games with no advertising.

*The battle of the future
will not be between PC,
mobile, and consoles, nor
will it be between casual
and hardcore enthusiasts.
Rather our future is likely
to follow the pattern
established by another
mature entertainment
medium—television—in
which a diversity of
interests and channels are
served on a single platform.*

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The Recession Boosts Online Gaming

Gamevance.com Survey Reveals a Migration Away from Console Gaming

They Play Mostly at Home

Is it true that all those cubicle-dwellers are playing games at work? Not according to these gamers. Some 76% say they primarily play online games at home, with 24% hitting online games at work or school. And online gaming is played across the day: 36% report they primarily play games in the morning, 31% in the evening, 16% in the afternoon, 14% late at night, and 3% at lunchtime.

Word-of-Mouth is the Number One Driver of Awareness

According to the survey, the key force driving our growth is old-fashioned word-of-mouth. A majority (55%) report that they learned about the casual gaming sites they use through a friend, while 22% report that an online advertisement—and 13% a search engine—drove their awareness. And despite the proliferation of online gaming sites, gamers appear to be loyal, restricting their usage to very few sites. Of those who play on more than one site, 83% play on only two sites.

Many Online Gamers Are Also Mobile Gamers

Nearly half (49%) of online casual gamers say they're also playing games on mobile devices like cell phones, and, of those, 60% state they're now spending *more* time on mobile than on online games. Furthermore, of those that now play more mobile than online games, 56% plan to spend more time playing more mobile games in the future, while 24% plan to play less.

The Majority of Our Casual Gamers also Play Hardcore Games

Like previous studies¹, our survey revealed that despite the conceptual “walls” that separate casual and hardcore gaming there is plenty of crossover between the two worlds. For instance,

51% of our online casual gamers *also* play hardcore games like *Halo*, *Call of Duty*, and *Grand Theft Auto*. And the gaming behaviors of these casual/hardcore crossover consumers are quite balanced: 52% report spending more time playing hardcore games, while 48% report spending more or equal time playing online casual games. And despite the high-cost, high-production realities of hardcore games (with big titles now routinely commanding budgets of \$30 million or more), these gamers are actually split on which they enjoy more: 46% consider casual games more entertaining, while 54% report enjoying hardcore games more.

Casual Gaming Sites Are Taking the Pole Position for the Future

Our survey of Gamevance users clearly reveals that the recession has had a significant and dramatic effect on their time spent with online casual gaming—even as console spending has declined. Given these findings—and those in studies done by others—we feel compelled to ask: Is this merely a recession-specific phenomenon? Or does the migration of gamers from paid to free models reveal a broader trend—one which provides a glimpse into the future of gaming?

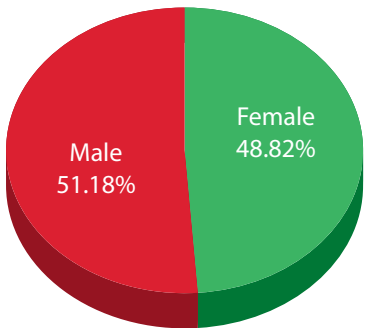
From our perspective, the battle of the future will not be between PC, mobile, and consoles, nor will it be between casual and hardcore enthusiasts. Rather our future is likely to follow the pattern



Gamevance.com, the fastest growing casual game site.

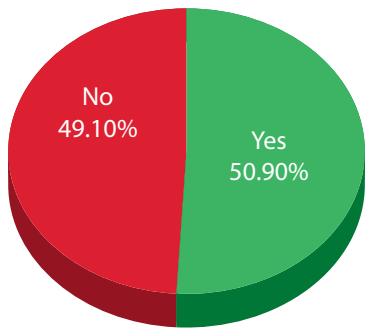
established by another mature entertainment medium—television—in which a diversity of interests and channels are served on a single platform. Think of casual games as the sitcoms (like *Friends*) and hardcore as the more complex, multi-episode fare (like *The Sopranos*)—both of which are ultimately delivered on a single platform: the Internet. It's a future that our users are already predicting. To be ready for that “big unified picture,” we'll all need to move well beyond “recession thinking” and realize that what's attractive to all programmers is what we, as an industry, already have: eyeballs and monetization. ■

What gender are you?



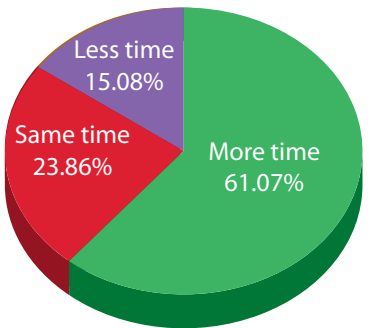
The Gender Gap is shrinking among casual gamers: nearly 50/50 split

Do you ever play “hardcore” games such as *Halo*, *Call of Duty*, *Grand Theft Auto*?



51% of casual gamers also play hardcore games

Are you spending more hours playing games online than you were one year ago?



61% are spending more time playing games this year than last

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